January 27, 2016

BY ELECTRONIC MAIL AND FEDERAL EXPRESS

Eun Ah Choi  
Division of Corporation Finance  
U.S. Securities and Exchange Commission  
100 F Street, N. E.  
Washington, DC 20549

Re: In the Matter of Barclays PLC, Barclays Bank PLC and Barclays Capital Inc.

Dear Ms. Choi:

This letter is submitted on behalf of Barclays PLC and Barclays Bank PLC ("Barclays Bank" and, together with Barclays PLC, "Barclays") to request that the Securities and Exchange Commission (the "Commission") determine that, for good cause shown, Barclays PLC and Barclays Bank should not be considered "ineligible issuers" as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act") as a result of a cease-and-desist order pursuant to Section 8A of the Securities Act and Sections 15(b) and 21C of the Securities Exchange Act of 1934, as amended (the "Exchange Act") to be entered against Barclays Capital Inc. ("BCI"), a broker-dealer subsidiary of Barclays (the "Order"), which is described below.

Barclays PLC is the ultimate holding company of Barclays Bank and its subsidiaries (collectively, the "Barclays Group"), whose principal activities are in financial services. Barclays Bank is the main operating company of the Barclays Group. The Barclays Group is engaged in personal banking, credit cards, corporate and investment banking, and wealth and investment management with an extensive international presence in Europe, the Americas, Africa and Asia. The whole of the issued ordinary share capital of Barclays Bank is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group. BCI is a wholly-owned indirect
subsidiary of Barclays Group US Inc., itself a subsidiary of Barclays PLC, and is organized under Connecticut law and is Barclays' U.S. registered broker-dealer.\(^1\)

**BACKGROUND**

BCI expects to enter into a settlement with the Commission in January 2016, which is expected to result in the Commission issuing the Order. BCI will consent to the entry of the Order, which will find that BCI willfully violated Section 17(a)(2) of the Securities Act, Section 15(c)(3) of the Exchange Act and Rules 15c3-5(c)(1)(i) and Rule 15c3-5(b) thereunder and Rules 301(b)(2) and Rule 301(b)(10) of Regulation ATS as a result of BCI's operation and marketing of Barclays LX ("LX"), an alternative trading system ("ATS") commonly referred to as a "dark pool." The Order will find that, from December 2011 through June 2014, in certain marketing materials and presentations, BCI made materially misleading statements and omitted to state certain material facts necessary to make statements made not misleading concerning (i) the operation of an LX product feature called Liquidity Profiling, which BCI described as a "powerful tool to proactively monitor LX" and as a "sophisticated surveillance framework that protects clients from predatory trading" and (ii) the market data feeds it used in LX. In addition, the Order will find that BCI violated the federal securities laws and regulations related to its market access and its operation of LX, including by failing to establish adequate safeguards and procedures to protect subscribers' confidential trading information and to adopt and implement adequate procedures to ensure that such safeguards and procedures are followed.

Pursuant to the Order, BCI must (i) cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act, Section 15(c)(3) and Rule 15c3-5 thereunder, and Rules 301(b)(2) and 301(b)(10) of Regulation ATS, (ii) pay a civil money penalty of $35 million and (iii) comply with certain undertakings, including those described under "Remedial Steps" below.\(^2\)

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\(^1\) BCI is also registered as an Investment Advisor and Futures Commission Merchant.

\(^2\) In a related matter, Barclays PLC and BCI entered into a settlement agreement with the Attorney General of the State of New York ("NYAG"). Pursuant to the terms of the settlement agreement, Barclays PLC and BCI admitted to a Statement of Facts identical to the Order and that they violated the federal securities laws. Barclays also agreed to pay a monetary penalty of $35 million and certain remedial undertakings.
DISCUSSION

In 2005, the Commission revised the registration, communications, and offering processes under the Securities Act. As part of this offering reform, the Commission revised Securities Act Rule 405, creating a new category of issuer, the “well-known seasoned issuer” (or “WKSI”), and a new category of offering communication, the “free writing prospectus.” A WKSI is able to take advantage of important reforms that have changed the way corporate finance transactions for larger issuers are planned and structured. These reforms include the ability to “file-and-go” (i.e., eligibility for automatically effective shelf registration statements) and “pay-as-you-go” (i.e., the ability to pay filing fees as the issuer sells securities off the shelf). In addition, WKSIs are provided with greater flexibility in terms of communications, including the ability to use free writing prospectuses in advance of filing a registration statement.

The Commission also created another category of issuer under Rule 405, the “ineligible issuer.” An ineligible issuer is excluded from the category of “WKSI” and is ineligible to make communications by way of free writing prospectuses, except in limited circumstances. As a result, an ineligible issuer that would otherwise be a WKSI does not have access to file-and-go or pay-as-you-go and cannot use certain types of free writing prospectuses.

Securities Act Rule 405 authorizes the Commission to determine, “upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer.”

Barclays understands that the Order would make Barclays PLC and Barclays Bank ineligible issuers under Rule 405. As ineligible issuers, Barclays PLC and Barclays Bank would not be able to qualify as WKSIs and, therefore, would not have access to file-and-go and other reforms available to WKSIs and would not be eligible to take advantage of all of the free writing prospectus reforms of Rules 164 and 433.

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REASONS FOR GRANTING A WAIVER

Barclays respectfully requests that the Commission determine that it is not necessary for Barclays PLC and Barclays Bank to be considered ineligible issuers as a result of the Order. Barclays believes that the facts support a conclusion that the granting of a waiver would be consistent with the guidelines for relief published by the Division of Corporation Finance. Applying the ineligibility provisions to Barclays PLC and Barclays Bank would be disproportionately and unduly severe, for the reasons described below.

Nature of Violations: Responsibility for the Violations

As noted above, the Order will find that, in its operation and marketing of LX, BCI made materially misleading statements and omitted to state certain material facts necessary to make statements made not misleading concerning (i) the operation of an LX product feature called Liquidity Profiling, which BCI described as a “powerful tool to proactively monitor LX” and as a “sophisticated surveillance framework that protects clients from predatory trading” and (ii) the market data feeds it used in LX. In addition, the Order will find that BCI violated the federal securities laws and regulations related to its market access and its operation of LX, including by failing to establish adequate safeguards and procedures to protect subscribers’ confidential trading information and to adopt and implement adequate procedures to ensure that such safeguards and procedures are followed. These violations do not pertain to activities undertaken by Barclays in connection with Barclays’ role as an issuer of securities (or any disclosure related thereto) or any of its filings with the Commission or otherwise involve fraud in connection with Barclays’ offerings of its own securities. The violations are not criminal in nature and are not scienter-based. The employees primarily responsible for the violations of law that will be the subject of the Order were personnel within BCI’s Electronic Trading business unit. None of these individuals was an officer or held a position on the Board of Directors of Barclays PLC or any of its subsidiaries and none of them was responsible for, or had any influence over, the disclosures of Barclays PLC or Barclays Bank, as issuers of securities. There will be no findings that the conduct described in the Order occurred at the direction of senior management of Barclays. Moreover, there is no indication that the wrongdoing reflected “a tone at the top” that condoned or chose to ignore the conduct. Rather, Barclays has accepted responsibility for the conduct of BCI employees as described in the Order.

Although the Order will find that BCI violated provisions of Regulation ATS by failing to amend its Form ATS to include information about material changes to LX’s operation, these violations did not relate to Barclays’ disclosures regarding its own securities. Moreover, as noted under “Remedial Steps” below, BCI filed an amended Form ATS with the Commission, which provides updated, detailed information on the functionality of LX. Importantly, the Order will not otherwise (i) challenge Barclays’ disclosures in filings with the Commission, (ii) state that Barclays’ disclosure controls and procedures were deficient, (iii) describe fraud in connection with securities offerings by Barclays PLC or Barclays Bank, (iv) state that members of the Board of Directors, the Executive Committee, the Disclosure Committee or the Financial Reporting and Control unit within the Global Finance Department of Barclays knew about the violations or (v) state that members of the Board of Directors, the Executive Committee, the Disclosure Committee or the Financial Reporting and Control unit within the Global Finance Department of Barclays ignored any warning signs or “red flags” regarding the violations.

The wrongdoing that will be the subject of the Order does not call into question the reliability of the current and future disclosures of Barclays PLC or Barclays Bank as issuers and was the product of conduct committed primarily by personnel within BCI’s Electronic Trading business unit, none of whom was responsible for the disclosure of Barclays PLC or Barclays Bank. As a result, Barclays believes that designation as an ineligible issuer is not necessary for the public interest or the protection of existing and potential investors in Barclays’ securities.

Duration of the Violations

The conduct occurred during a period of approximately two and a half years from December 2011 through June 2014. However, as mentioned above, the conduct was generally isolated to the actions of the BCI personnel in the Electronic Trading business unit, and remedial action, as described below, has been implemented to ensure that the conduct does not reoccur.

Remedial Steps

BCI has implemented and will continue to implement policies and procedures designed to prevent the recurrence of the conduct that will be the subject of the Order, including:

1. **BCI’s Protection of Confidential Client Information.** In response to the findings of a regularly scheduled December 2013 internal audit of LX operations, BCI introduced a pre-approval and electronic credentialing process to further restrict access to confidential trading information of LX.
subscribers to only those employees of the ATS who operated the system or were responsible for its compliance in accordance with Regulation ATS. BCI also reviews the group of employees with access to confidential trading information of LX subscribers on a monthly basis;

2. **BCI's Liquidity Profiling.** In further response to the findings of the internal audit and regulatory investigations, BCI updated certain of its processes concerning Liquidity Profiling reviews. Among other changes, Liquidity Profiling reviews of subscribers that route directly to LX are now conducted on a monthly basis. In addition, the processes of overriding the Liquidity Profiling tool’s categorization of subscribers (“Overrides”) no longer move subscribers from more aggressive to more passive categories; they can only move subscribers from more passive to more aggressive categories;

3. **BCI's Use of Market Data Feeds.** As of October 2014, LX began utilizing third party vendor, Exegy, for the purposes of determining the current National Best Bid and Offer (“NBBO”). Exegy calculates the current NBBO based on direct data feeds from all protected venues under Regulation NMS;

4. **BCI’s Pre-Set Credit and Capital Thresholds.** BCI has taken steps to improve its Market Access compliance, including, among other changes, by disabling use of the OMNI account; and

5. **BCI’s Amendments to Form ATS.** BCI has filed an amended Form ATS with the Commission, which provides updated, detailed information on the functionality of LX, including the Override process.

Moreover, the Order will require BCI to undertake the following remedial measures:

1. With the assistance of a third-party consultant (the “third-party consultant”), conduct a review of its policies, procedures, practices and compliance related to the following and have the third-party consultant prepare a written report (the “Report”) that includes an evaluation of the following:
   
   (a) The process by which BCI creates, approves, and disseminates (including how, to whom, and the tracking of such) marketing material, including written presentations and other sales materials concerning LX;

   (b) BCI’s risk management controls and supervisory procedures pertaining to BCI’s financial exposure that could arise as a result of its
market access, including, but not limited to, its credit and capital thresholds and the prevention of both the entry of orders that would exceed such thresholds;

(c) BCI's reporting on its Form ATS of material changes to the operation of LX; and

(d) BCI's safeguards and procedures to protect ATS subscribers' confidential trading information, including how the ATS limits access to the confidential trading information of subscribers to those employees of the ATS who are operating the system or responsible for its compliance with applicable rules (and, in particular, how the ATS maintains adequate safeguards and procedures in regards to employees or business units of BCI outside of the ATS from accessing ATS subscribers' confidential trading information); and BCI's oversight procedures for ensuring that the safeguards and procedures for protecting subscribers' confidential trading information are followed.7

2. Require the third-party consultant within ninety (90) days of the issuance of the Order, unless otherwise extended by Commission staff and/or the NYAG for good cause, to provide BCI, Commission staff, and NYAG with an estimate of the time needed to complete the review, to prepare the Report and to provide a proposed deadline for the Report, subject to the approval of Commission staff and/or NYAG.

3. Require the third-party consultant to issue the Report by the approved deadline and to provide the Report simultaneously to Commission staff, NYAG and BCI.

4. Submit to Commission staff, NYAG and the third-party consultant, within thirty (30) days of the third-party consultant's issuance of the Report, the date by which BCI will adopt and implement any recommendations in the Report, subject to Items 4(a)-(c) below and subject to the approval of Commission staff and NYAG.

(a) As to any recommendation that BCI considers to be, in whole or in part, unduly burdensome or impractical, BCI may submit in writing to

7 To the extent that the third-party consultant engages the services of any other consultant(s) to assist with its work, the third-party consultant shall have complete independence and discretion over the retention and work of any such consultant(s).
the third-party consultant, Commission staff and NYAG a proposed alternative reasonably designed to accomplish the same objectives, within sixty (60) days of receiving the Report. BCI shall then attempt in good faith to reach an agreement with the third-party consultant relating to each disputed recommendation and request that the third-party consultant reasonably evaluate any alternative proposed by BCI. If, upon evaluating BCI’s proposal, the third-party consultant determines that the suggested alternative is reasonably designed to accomplish the same objectives as the recommendations in question, then the third-party consultant shall approve the suggested alternative and make the recommendations. If the third-party consultant determines that the suggested alternative is not reasonably designed to accomplish the same objectives, the third-party consultant shall reject or revise BCI’s proposal. The third-party consultant shall inform BCI of the third-party consultant’s final determination concerning any recommendation that BCI considers to be unduly burdensome or impractical within twenty-one (21) days after the conclusion of the discussion and evaluation by BCI and the third-party consultant.

(b) In the event that BCI and the third-party consultant are unable to agree on an alternative proposal, BCI shall accept the third-party consultant’s recommendation(s).

(c) Within thirty (30) days after final agreement is reached on any disputed recommendation, BCI shall submit to the third-party consultant, Commission staff and NYAG the date by which BCI will adopt and implement the agreed-upon recommendation, subject to the approval of Commission staff and NYAG.

5. Adopt and implement, on the timetable set forth by BCI in accordance with Item 4, the recommendations in the Report. BCI shall notify the third-party consultant, Commission staff and NYAG when the recommendations have been implemented.

6. Require the third-party consultant to certify, in writing, to BCI, Commission staff, and NYAG that BCI has implemented the agreed-upon recommendations for which the third-party consultant was responsible. The third-party consultant’s certification shall be received within sixty (60) days after BCI has notified the third-party consultant that the recommendations have been implemented.
7. Within one hundred and eighty (180) days from the date of the applicable certification described in Item 6 above, require the third-party consultant to have completed a review of BCI's policies, procedures, and practices described above and submit a final written report ("Final Report") to BCI, Commission staff, and NYAG. The Final Report shall describe the review made of BCI’s policies, procedures, and practices and describe how BCI is implementing, enforcing, and auditing the enforcement and implementation of any recommendations by the third-party consultant. The Final Report shall include an opinion of the third-party consultant on whether the revised policies, procedures, and practices and their implementation and enforcement by BCI and BCI’s auditing of the implementation and enforcement of those policies, procedures, and practices are reasonably designed to ensure compliance with the federal securities laws.

8. BCI may apply to Commission staff and/or NYAG for an extension of the deadlines described above before their expiration and, upon a showing of good cause by BCI, Commission staff and/or NYAG may, in its sole discretion, grant such extensions for whatever time period it deems appropriate.

9. BCI shall certify, in writing, compliance with the 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 and NYAG may make reasonable requests for further evidence of compliance, and BCI agrees to provide such evidence. The certification and supporting material shall be submitted no later than sixty (60) days from the date of the completion of the undertakings.

10. BCI shall require the third-party consultant to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the third-party consultant 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. The agreement will also provide that the third-party consultant will require that any firm with which he/she is currently affiliated or of which he/she is currently a member shall not, without prior written consent of Commission staff and the NYAG, 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 years after the engagement.

11. To ensure the independence of the third-party consultant, BCI shall not have the authority to terminate the third-party consultant without prior written approval of the NYAG and the Commission staff, and shall compensate the third-party consultant and persons engaged to assist the third-party consultant for services rendered pursuant to the Order at their reasonable and customary rates.

Prior Relief

Barclays has previously requested and received waivers regarding ineligible issuer status in 2007, 2014 and May 2015. The 2007 waiver related to conduct with respect to trading of third-party debt securities by Barclays Bank on the basis of material non-public information obtained through membership on bankruptcy creditors' committees in violation of Section 17(a) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act. The 2014 waiver related to violations of Sections 204(a), 206(2), 206(3), 206(4) and 207 of the Investment Advisers Act of 1940 ("Advisers Act"), and Rules 204-2, 206(4)-2 and 206(4)-7 thereunder, as a result of certain failures after BCI acquired Lehman Brothers' investment advisory business in September 2008, including BCI's failure to (i) enhance its infrastructure to support the new business, (ii) adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act, and (iii) make and keep certain books and records. The May 2015 waiver related to the plea agreement entered into by Barclays PLC with the U.S. Department of Justice, pursuant to which it pled guilty to a charge of participating in a combination and conspiracy to fix, stabilize, maintain, increase or decrease the price of, and rig bids for the purchase and sale of U.S. dollars and euros exchanged in the foreign currency exchange spot market in the United States and elsewhere from at least as early as December 2007 and continuing until at least January 2013, in violation of the Sherman Antitrust Act, 15 U.S.C. § 1.

The conduct, which was the subject of the previous waiver requests, occurred in different Barclays' business units and is unrelated to the conduct which is the subject of this waiver request. As a result, and taking account of the remediation steps which have been described above, Barclays does not believe that the prior conduct covered by the previous waiver requests nor the conduct that is the subject of this waiver request, calls into question the adequacy of Barclays' internal control over financial reporting or its ability to produce reliable disclosure.
Impact on Issuer

The Order will be the result of substantial negotiations between Barclays and the Commission. The Order will direct Barclays to pay a substantial monetary penalty, cease and desist from certain conduct, and comply with extensive undertakings. Applying ineligible issuer status to Barclays PLC and Barclays Bank would not be necessary to achieve the purposes of the Order and would be unduly severe and impose a significant burden on Barclays.

The WKSI shelf (as defined below) process with its provision for automatic effectiveness allows an issuer to register quickly a new class of hybrid securities that do not fit clearly within the categories of debt and equity securities that would customarily have been registered on a typical shelf. This flexibility is particularly important for banks and bank holding companies as they seek to respond to evolving regulatory capital requirements. The WKSI shelf rules also allow access to the widest possible global investor base, as they permit the use of free writing prospectuses to provide tailored disclosure targeted at different categories of investors in different markets. Barclays PLC and Barclays Bank, the holding company and principal bank entity within Barclays, respectively, are frequent issuers of securities that are registered with the Commission and offered and sold under their current Form F-3 registration statements (the “WKSI shelf”), which provides an important means of accessing capital and funding for Barclays’ global operations.

Barclays issues a variety of securities that are registered under the WKSI shelf, including ordinary shares, regulatory capital securities (Additional Tier 1 contingent convertible securities and Tier 2 subordinated debt), and senior debt securities issued in syndicated transactions in “benchmark” size, and “vanilla” and structured senior debt securities under Barclays Bank’s Series A MTN program. Since 2011, Barclays has issued off the WKSI shelf the USD-equivalent of approximately $12.3 billion of regulatory capital securities, which represents 89% of all regulatory capital securities issued by Barclays in that period. In that same period, and including senior funding and securities issued under the Series A MTN program, the USD-equivalent value of all securities issued by Barclays off the WKSI shelf is approximately $68 billion. These figures demonstrate the importance of the WKSI shelf to Barclays in meeting its capital and funding requirements.

As ineligible issuers, Barclays PLC and Barclays Bank would lose the flexibility (i) to offer additional securities of the classes covered by a registration statement without filing a new registration statement, (ii) to register additional classes of securities not covered by the registration statement by filing a post-effective amendment which becomes immediately effective, (iii) to omit certain information from the prospectus,
(iv) to take advantage of the pay-as-you-go fees or (v) to qualify a new indenture under the Trust Indenture Act of 1939, as amended, should the need arise, without filing or having the Commission declare effective a new registration statement.

In addition, as ineligible issuers, Barclays PLC and Barclays Bank would be unable to use free writing prospectuses ("FWP") other than ones that contain only a description of the terms of the securities in the offering or the offering itself. This limitation would restrict Barclays from using investor presentation FWP materials in connection with its offers and sales of its securities and severely limit the ability of Barclays to use general or educational marketing materials, such as product brochures or general investment strategy materials that are customarily used and relied upon by industry participants for structured product offerings of the type currently conducted using the WKSI shelf. Barclays filed over 500 FWPs with the Commission in calendar year 2014 and a significant portion of these comprised materials such as guidebooks, brochures, investor “Frequently Asked Questions” ("FAQs") and presentations used in connection with the offering of structured senior debt securities under Barclays Bank’s Medium-Term Note, Series A program (the “MTN, Series A program”). Barclays also maintains the websites www.ipathetn.com and www.etnplus.com to provide information to investors regarding exchange-traded notes offered under its MTN, Series A program. Barclays views these FWPs as integral to its MTN, Series A program because it uses these communications, among other objectives, to market new structured products sufficiently in advance of specific offerings of securities, to respond to questions about certain structured products from prospective and existing investors in the form of FAQs and to provide important up-to-date pricing or other information on Barclays’ websites about outstanding securities that may be relevant to secondary purchases of Barclays' structured products. Therefore, a restriction on Barclays’ ability to use such materials would significantly curtail important channels of communication to investors.

The adverse market and issuer impact of the potential loss of flexibility with respect to new types of securities is particularly important to Barclays in light of current regulatory and market conditions and uncertainties that are significantly transforming the landscape for financial institutions like Barclays. The U.K. Prudential Regulation Authority (“PRA"), which is responsible for the day-to-day prudential regulation and supervision of Barclays, has continued to develop and apply a more assertive approach to supervision, including application of heightened capital, leverage and liquidity standards that either anticipate or go beyond requirements established by global or EU standards. Further changes to prudential requirements are expected over the next few years, including further refinements to the eligibility criteria of applicable securities for meeting capital, leverage and liquidity requirements (including with respect to “total loss absorbing capacity” or TLAC), the outlines and impacts of which are not fully known.
Finally, under the stress tests administered by the Bank of England and European Banking Authority from time to time, the parameters and requirements of which continue to evolve, significant capital buffers, above the regulatory minimum levels, are required for financial institutions to be able to withstand a severe economic downturn hypothesized for purposes of the stress tests. The results of such stress tests could dictate additional capital needs. In the past three years, Barclays has registered a new class of securities in the form of Additional Tier 1 securities with the Commission and has been able to strengthen its capital position in an efficient manner using the “file-and-go” procedures for a public offering of these new securities. If Barclays were required to issue new types of securities in the future to address additional capital needs, it would similarly seek to benefit from using such procedures. However, if Barclays were prevented from using the “file-and-go” procedures as a result of becoming an ineligible issuer, this may adversely impact the speed at which Barclays could strengthen its capital position if required to do so. In addition, this impact on the speed to the market may adversely affect Barclays because, by the time Barclays could issue such new type of securities, market conditions may have become unfavorable or similar securities issued by other issuers in the intervening period may decrease the market demand for Barclays’ securities, which could have a negative pricing effect on Barclays’ securities.

In light of these considerations, subjecting Barclays PLC and Barclays Bank to ineligible issuer status is not necessary under the circumstances, either in the public interest or for the protection of investors, and good cause exists to determine that Barclays PLC and Barclays Bank should not be considered ineligible issuers under Rule 405 as a result of the Order. We respectfully request the Division of Corporation Finance to make that determination.

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Eun Ah Choi
Please contact me at the above listed telephone number if you should have any questions regarding this request.

Very truly yours,

George H. White

George H. White