



Wealth and Investment Management

## **Select Advisors Program**

### **Wrap Fee Program Brochure**

**This wrap fee program brochure (the “Brochure”) provides information about the qualifications and business practices of Barclays Wealth and Investment Management (“Barclays”), the wealth and investment management division of Barclays Bank PLC, which functions in the United States through Barclays Capital Inc. If you have any questions about the contents of this Brochure, please contact us at 800 253 4626 (or +1 212 526 5600 if dialing from outside the United States). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.**

**Additional information about Barclays also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**31 March 2014**

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## Item 2      Material Changes

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This Item 2 summarizes the material changes to the Brochure since the version of this brochure dated 31 March 2013. For more details on any matter, please see the item in this Brochure indicated below.

- **Services:** Barclays is no longer authorized to change any client's Program Manager or Program Strategy. (Item 4)
- **Cash Sweep Compensation:** Cash in client accounts custodied at Barclays may be invested in cash "sweep" products. Barclays receives compensation from certain banks in connection with these products. In turn, Barclays pays a portion of this compensation to Investment Representatives. These payments may create an incentive to keep part of the account invested in cash. We address this conflict by disclosing it to you, and by having limits on the proportion of an account that can be held in cash. (Item 4)
- **Managers:** Barclays no longer uses Envestnet Asset Management, Inc. to identify potential investment advisers for the Program. (Item 6)
- **Disciplinary Events:** On 26 December 2013, Barclays Capital Inc., without admitting or denying FINRA's findings, agreed to a censure and a fine of US\$3.75 million related to FINRA's allegations that Barclays did not: (i) preserve certain electronic records in the format required under the Securities Exchange Act of 1934 (the "Exchange Act"); (ii) preserve certain electronic communications; and (iii) establish and maintain a supervisory system and written procedures reasonably designed to achieve compliance with the relevant laws, regulations and rules and to timely detect and fix deficiencies. FINRA alleged that these failures resulted in the violation of Section 17(a) and Rule 17a-4 under the Exchange Act, NASD Rules 2110, 3010 and 3110 and FINRA Rules 4511 and 2010. (Item 9)
- **Code of Ethics:** Our Code of Ethics covers all employees who perform investment advisory functions in any Barclays advisory program. Each year, these employees must certify that they have received the Code of Ethics. (Item 9)

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## Item 4 Services, Fees and Compensation

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Barclays Wealth and Investment Management (“Barclays”), the wealth and investment management division of Barclays Bank PLC operating through Barclays Capital Inc (“BCI”) in the United States, offers a wide range of investment advisory services to meet the needs of clients with diverse investment objectives and goals. As described in “Item 6: Portfolio Manager Selection and Evaluation – Advisory Business” of this Brochure, Barclays offers a number of advisory programs and wrap fee programs. This Brochure relates to the Select Advisors Program (the “Program”), a wrap fee program.

### OVERVIEW OF THE PROGRAM

The Program offers a comprehensive fee-based investment advisory service designed to assist clients in identifying one or more investment managers evaluated, approved and monitored by Barclays (collectively, the “Program Managers”) that are suitable for the client. Program Managers manage clients’ assets using investment strategies (“Program Strategies”) developed and managed by the Program Managers. Barclays will determine whether the Program, particular Program Managers and particular Program Strategies are suitable for a client based upon the information the client provides about its investment objectives, investment horizon, risk tolerance, reasonable client-imposed investment constraints and restrictions and other relevant attributes. Barclays will continue to rely on this information during the time a client remains invested in the Program. It is therefore important that clients inform Barclays timely of any changes. While Barclays may guide a client regarding the portion of such client’s assets to be managed under the Program, the client assumes responsibility for ensuring that its assets, viewed in their entirety, are sufficiently diversified. The client also assumes responsibility for ensuring that the allocation of assets among the Program Managers and Program Strategies is appropriate.

Clients do not sign an investment advisory agreement with the Program Manager, and may change their Program Manager or Program Strategy at any time. Barclays generally may terminate a Program Manager’s participation in the Program for any reason and a Program Manager generally may withdraw from the Program for any reason on a defined period of notice to Barclays. Barclays will promptly inform clients of any such terminations or withdrawals that affect their accounts.

The Program includes custody and other administrative services, which are provided to clients by BCI, in its capacity as a registered broker-dealer. Barclays may, on an exception basis, permit clients to custody their assets with other qualified custodians, provided that such custodians are operationally capable of meeting Barclays’ reporting and other operational requirements. Clients should note that Barclays is not able to apply the same level of monitoring to assets that are not custodied with BCI.

Generally, Program Managers will select BCI to act as executing broker-dealer because the fee paid by each client includes commissions charged by BCI and its affiliates for executing trades in Program accounts. However, consistent with their duty to seek best execution, Program Managers have the discretion to select other broker-dealers from time to time when they determine that doing so would be appropriate taking into account the net price (after giving effect to brokerage commissions and other costs) as well as other factors such as the nature of the security being traded; the size and complexity of the transaction; the desired timing of the trade; the activity existing and expected in the market for the particular securities; and the execution, clearance and settlement capabilities and other relevant factors. When executing trades for Program accounts, Barclays and its affiliates are acting exclusively as broker-dealer in connection with such trades.

Program Managers will make all reasonable efforts to accommodate client requests to engage in transactions intended to offset capital gains tax liability (“tax loss harvesting”). An account will be subject to certain trading restrictions for a period of time after effecting tax loss harvesting trades, which may cause the performance of that account to differ from similar accounts for which tax loss harvesting trades were not executed. In addition, certain securities transactions outside of the client’s account may materially affect the

client's ability to benefit from tax loss harvesting for income tax purposes, but such outside securities transactions will not be included, or otherwise be accounted for, in the tax loss harvesting. The tax effects of any outside securities transactions are solely the client's responsibility. As neither Barclays nor its affiliates are tax advisors, clients must consult their tax advisors for specific tax planning advice pertaining to their situation.

## FEES

Clients pay a single fee (the "Program Fee") that covers investment advisory services provided by Barclays and the Program Managers as well as custodial, administrative and execution services provided by BCI. The Program Fee is calculated as a specified percentage of assets under management in the account, which percentage varies depending on the level of assets in the account and the Program Strategy. Unless Barclays and the client agree otherwise, Barclays calculates advisory fees for each billing period by applying the same Program Fee rate to all assets in the account, rather than applying different Program Fee rates to different portions of the account as the asset level changes. The Program Fee rate may vary each billing period as the value of a client's assets under management fluctuates. The Program Fee is payable quarterly in arrears. If BCI is the custodian of the client's assets, fees are automatically deducted directly from the client's account. If the custodian is a third party, the client generally arranges to have the Program Fee deducted directly from the client's account at the external custodian for credit to Barclays upon receipt of an invoice. The following table describes the standard Program Fees that are currently in effect.

### Equity Strategies:

Assets Under Management	Equity Strategies	Enhanced Index Strategies	Specialty Equity
US\$ 0 < 2.5m	1.75%	1.00%	1.75%
US\$ 2.5m < 5m	1.50%	0.90%	1.75%
US\$ 5m < 20m	1.25%	0.80%	1.75%
US\$ 20m and above	1.00%	0.70%	1.75%

### Fixed Income Strategies:

Assets Under Management	Core Fixed Income Strategies	Specialty Fixed Income Strategies	High Yield Muni Strategies
US\$ 0 < 2m	0.75%	0.90%	1.25%
US\$ 2m < 5m	0.65%	0.75%	1.25%
US\$ 5m < 10m	0.55%	0.60%	1.25%
US\$ 10m < 20m	0.45%	0.50%	1.25%
US\$ 20m < 30m	0.45%	0.45%	1.25%
US\$ 30m and above	0.40%	0.45%	1.25%

The Program Fee rate is negotiable. In addition, the assets of certain related accounts may be aggregated for purposes of determining the Program Fee rate applicable to each account. There are some fee schedules that are no longer offered to new clients. Further, if a client opens a Program account as part of its Investment Philosophy Portfolio Multiple Accounts ("IPPMA") Program relationship with Barclays, the Program Fee will be reduced. As a result of the foregoing reasons, a client may pay a different fee than as set forth above. In no event will a client pay a Program Fee rate that exceeds 2.00% of the total assets invested in the Program.

Barclays may modify the above fee schedule as new Program Managers are added to or removed from the Program. Clients should refer to the Fee Schedule in their Barclays investment advisory agreement for the specific Program Fee rate applicable to their accounts.

A portion of the Program Fee is paid to the Program Managers for their services. This amount is generally 0.45% to 1.00% per annum of assets under management for equity strategies and 0.20% to 0.85% per annum of assets under management for fixed income strategies.

The Program Fee may be higher or lower than the amount a client would pay to purchase separately the services provided under the Program. Factors that bear upon the Program Fee in relation to the cost of the similar services purchased separately include, among other things, the expected and/or historical size and volume of trading activity in the account, the level of assets in the account, the investment strategy, and the number and range of supplementary advisory and client-related services provided.

The Program Fee does not cover, and clients pay, if applicable:

- fees and charges for transactions executed by broker-dealers other than BCI, including execution or service charges (including commissions), mark-ups, mark-downs, spreads and odd-lot differentials
- fees charged by an investment product and which may be described in its prospectus, offering memorandum or other product documents, including fund investment management fees and redemption fees
- taxes relating to the account
- other fees charged by third parties including third party custodian fees, exchange fees, electronic fund transfer fees, ADR fees, auction fees, charges imposed by regulatory bodies and charges mandated by law
- Barclays' fees for opening or maintaining a brokerage account
- Barclays' fees under a client's retirement plan account documents for opening or maintaining a retirement account
- Barclays' interest and fees on margin and other loans, or on debit balances in an account
- fees in connection with foreign exchange transactions or conversions.

#### **COMPENSATION FOR RECOMMENDING THE PROGRAM**

A portion of the Program Fee is paid to Investment Representatives and may be paid to employees of BCI's affiliates in the event that such persons introduce clients or provide services to the Program. Such payments may be made for the duration of a client's participation in the Program or for a shorter period of time. The amount of compensation received by these persons may be greater if the client participates in Program than they would be if the client paid separately for investment advice, brokerage and other services. Therefore, Investment Representatives and/or employees of BCI affiliates may have a financial incentive to recommend the Program over another investment alternative. In addition, Investment Representatives may have a financial incentive to recommend the allocation of client assets among equity strategies because the compensation paid to Investment Representatives may be higher for equity than for fixed income strategies.

Cash in client accounts custodied at Barclays may be invested in cash "sweep" products. Barclays receives compensation from certain banks in connection with these products. In turn, Barclays pays a portion of this compensation to Investment Representatives. As well as the conflict described in the previous paragraph,

these payments may create an incentive to keep part of the account invested in cash. We address this conflict by disclosing it to you, and by having limits on the proportion of an account that can be held in cash.

## Item 5 Account Requirements and Types of Clients

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Barclays' clients are generally high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, private funds, investment advisers, government entities, corporations and other business entities.

The Program generally requires a minimum account size of \$100,000 to \$1,000,000 for equity strategies and \$500,000 to \$5,000,000 for fixed income strategies, in each case depending on the Program Manager. However, Barclays reserves the right to make exceptions to the minimum account size requirement on a case-by-case basis.

## Item 6 Portfolio Manager Selection and Evaluation

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### PORTFOLIO MANAGER SELECTION AND EVALUATION

Program Managers are not affiliated with Barclays. This section of the Brochure describes how Barclays evaluates, monitors and terminates Program Managers. Refer to "*Item 4: Services, Fees and Compensation – Overview of the Program*" for a description of the basis on which Barclays recommends particular Program Managers and Program Strategies to clients.

**Identifying Potential Program Managers.** Barclays searches a broad universe of investment advisers to identify investment advisers that might be appropriate for the Program. All investment advisers that are identified as potential Program Managers undergo an initial quantitative screening by Barclays, which involves a review of the performance of one or more of the investment advisers' strategies (including relative performance), assets under management, portfolio construction, business growth and other quantitative factors. Investment advisers that pass Barclays' quantitative screening are then required to undergo qualitative due diligence which may involve an examination and consideration of various factors including: investment objectives; investment decision-making process (such as attribution of holdings, portfolio construction, sell discipline, tax-efficiency and turnover); organizational and ownership structures; operating history; employee background, experience and compensation; continuity of senior professionals; capacity for additional assets under management; and compliance, trading, technology and operations capabilities. No single factor is determinative, and particular factors may vary among the Program Managers. Barclays uses a broad range of proprietary and non-proprietary analyses and data, as well as information provided by third parties in the process of identifying Program Managers.

**Monitoring of Program Managers and Program Strategies.** During the time that they are included in the Program, Barclays monitors the Program Managers' and Program Strategies' performance, adherence to investment strategies and investment objectives, material business changes and other factors to determine whether the Program Managers and the Program Strategies continue to remain suitable to be recommended to clients generally and to particular clients. Performance is reviewed monthly by supervisory personnel using data provided by the Program Managers. Barclays does not audit such data for accuracy or verify the appropriateness of the methodology on which the performance is calculated or presented. Consequently, the methods for calculating performance and constructing composites may differ among Program Managers and performance may not be calculated on a uniform or consistent basis across all Program Managers. Accordingly, there may be limits to the value of comparing performance of more than one Program Manager employing similar investment styles. Past performance is not indicative of future results.

**Termination of Program Managers or Program Strategies.** Pursuant to its ongoing monitoring, Barclays may determine to remove a Program Manager or Program Strategy from the Program for a variety of

reasons, including a departure from its investment discipline or stated investment guidelines, prolonged periods of lagging performance, or operational infrastructure that is insufficient to support Barclays' clients. In the event of any such downgrade to "SELL," Barclays will notify the client in writing of the downgrade and will recommend a suitable replacement Program Manager, Program Strategy or other investment alternative. Such replacement might affect the Product Fee paid by the client. If a client wishes to retain a Program Manager or Program Strategy that Barclays no longer recommends, that client may be required to make other arrangements regarding the portion of client assets invested with such Program Manager or in such Program Strategy.

## RELATED PORTFOLIO MANAGERS

No affiliates of Barclays serve as Program Managers.

## ADVISORY BUSINESS

In addition to the Program, Barclays sponsors several other wrap fee programs, each of which is fully described in its wrap fee program brochure (available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) and is briefly summarized below:

*Portfolio Management Program (Equity, Fixed Income and ETF Tactical Allocation Strategies).* Clients invest pursuant to one or more investment strategies managed by Barclays portfolio managers.

*Investment Advisor Representative Program ("IAR").* IAR is designed to provide clients with customized investment advice from a Barclays Investment Advisor Representative on a discretionary or non-discretionary basis.

*Investment Philosophy Portfolio Multiple Accounts Program ("IPMA").* Barclays provides asset allocation and investment advice for client portfolios on a discretionary or non-discretionary basis.

*Accommodation Manager Program.* Clients independently select and retain third party investment managers while Barclays provides certain reporting and other services.

Barclays also offers several advisory programs, each of which is fully described in Barclays' ADV brochure (available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) and is briefly summarized below:

*Portfolio Management Program (Options Overlay Strategies).* Clients select an options-based strategy to seek to enhance existing investment portfolios or generate returns with low correlations to traditional and alternative asset classes.

*Barclays Wealth Advisor Series Funds.* Barclays sponsors a series of private investment funds for which it either serves as investment adviser or has delegated investment discretion and portfolio management responsibilities to an unaffiliated manager selected by Barclays.

*Alternatives Accommodation ("Alternatives Accommodation").* Alternatives Accommodation allows Barclays to accommodate clients that wish to invest or retain an investment in third party private funds that are not approved by Barclays for any other advisory program or wrap program.

*Customized Client Solutions.* Barclays advises clients on a non-discretionary basis on asset allocation or on the merit of individual holdings within a portfolio, or provides asset allocation models that reflect Barclays' investment views regarding strategic asset allocation.



Barclays' wrap programs and advisory programs generally offer some level of customization for individual clients based on their particular circumstances. Depending on the program, clients may also be able to impose restrictions on investing in particular securities or types of securities.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

All Program Managers are registered as investment advisers with the SEC and clients receive the ADV brochure of each Program Manager that manages assets for such client. Clients should review their Program Manager's ADV brochure to determine if the Program Manager charges a performance fee and, if so, the conflicts that such Program Manager faces in simultaneously managing accounts that are charged a performance fee and those that are not, and how those conflicts of interest are addressed.

#### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

No affiliates, related persons or supervised persons of Barclays act as portfolio manager for the Program described in this Brochure. All Program Managers are registered as investment advisers with the SEC and clients receive the ADV brochure of each Program Manager that manages assets for such client. Clients should review their Program Manager's ADV brochures to understand the Program Managers' methods of analysis and investment strategies as well as the material risks that may be applicable to the client's Program account.

#### **VOTING CLIENT SECURITIES**

Barclays does not vote client securities in this Program. Generally, each Program Manager is responsible for voting proxies for securities held in the Program accounts managed by that Program Manager. Where BCI is the client's custodian, BCI will promptly forward copies of all proxies and shareholder communications to the relevant Program Managers. Where the client uses another custodian, either Barclays or the third party custodian will forward all proxies and shareholder communications to the Program Manager's attention. Notwithstanding the foregoing, clients may elect to retain proxy voting authority, in which case proxies and shareholder communications will be directed to the client, and the client (not the Program Manager) will be responsible for voting proxies. Clients may contact our Client Service Desk at 800 253 4626 (or +1 212 526 5600 if dialing from outside the United States) or their Investment Representative to seek information on any particular proxy solicitation.

### **Item 7      Client Information Provided to Portfolio Managers**

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At the time a client elects to participate in the Program, Barclays sends information about the client to its Program Managers. Such information includes investment objectives, risk tolerance, investment horizon, investment experience and identifying information such as the client's name and address, as well as any reasonable client-imposed investment restrictions or constraints. Clients are required to inform Barclays in a timely manner of any changes in this information. Barclays will communicate any such updates that could affect the Program Managers' management of a client's account to the relevant Program Managers.

## Item 8 Client Contact with Portfolio Managers

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Upon a client's request, Barclays will use reasonable efforts to facilitate contact between the client and representatives of a Program Manager who are knowledgeable about the client's account and its management. Barclays may participate in any such communications.

## Item 9 Additional Information

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### DISCIPLINARY INFORMATION

Below are summaries of certain legal or disciplinary events that may be material to a client's decision whether to retain Barclays. Additional information regarding these legal and disciplinary events is in Part 1A of BCI's Form ADV which is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

- On 26 December 2013, Barclays Capital Inc. ("BCI"), without admitting or denying FINRA's findings, agreed to a censure and a fine of US\$3.75 million related to FINRA's allegations that BCI did not: (i) preserve certain electronic records in the format required under the Securities Exchange Act of 1934 (the "Exchange Act"); (ii) preserve certain electronic communications; and (iii) establish and maintain a supervisory system and written procedures reasonably designed to achieve compliance with the relevant laws, regulations and rules and to timely detect and fix deficiencies. FINRA alleged that these failures resulted in the violation of Section 17(a) and Rule 17a-4 under the Exchange Act, NASD Rules 2110, 3010 and 3110 and FINRA Rules 4511 and 2010.
- On 27 June 2012, the Commodity Futures Trading Commission ("CFTC") and Barclays PLC, Barclays Bank PLC and BCI (collectively, the "Barclays Companies") entered into a settlement agreement through which the Barclays Companies consented to the entry of an Order Instituting Proceedings Pursuant to Sections 6(c), 6(d) and 9(a)(2) of the Commodity Exchange Act, as amended, Making Findings and Imposing Remedial Sanctions (the "Order"). Following is a summary of the CFTC's findings in the Order:

Over a period of several years beginning at least as early as 2005, the Barclays Companies, by and through its agents, officers and employees located in at least New York, London and Tokyo, attempted to manipulate, and made false, misleading or knowingly inaccurate submissions concerning, two global benchmark interest rates, LIBOR and EURIBOR.

During the period from at least mid-2005 through the fall of 2007, and sporadically thereafter into 2009, the Barclays Companies based their LIBOR submissions for U.S. Dollar (and at limited times other currencies) on the requests of current and former Barclays Companies swaps traders who were attempting to affect the official LIBOR rate in order to benefit their derivatives trading positions. This same conduct occurred with respect to the Barclays Companies' EURIBOR submissions during the period of at least mid-2005 through mid-2009.

During the period from approximately mid-2005 through at least mid-2008, certain Barclays Companies Euro swaps traders coordinated with and aided and abetted traders at certain other banks to influence the EURIBOR submissions of multiple banks, including the Barclays Companies, in order to affect the official EURIBOR rate and thereby benefit their respective derivatives trading positions.

During the financial crisis of late August 2007 through early 2009, the Barclays Companies lowered their LIBOR submissions in order to manage what it believed to be an inaccurate and negative public and media perception that the Barclays Companies had a liquidity problem, based in part on their high LIBOR submissions relative to submissions of other banks that the Barclays Companies believed were too low given market conditions. Pursuant to a directive by certain members of the Barclays Companies' senior management, the Barclays Companies submitted lower rates for U.S. Dollar LIBOR, and at limited times Yen and Sterling LIBOR, than what they had determined to be the appropriate rates.

The Barclays Companies' lack of specific internal controls and procedures concerning their submission processes for LIBOR and EURIBOR and their inadequate supervision of trading desks allowed this conduct to occur.

The CFTC ordered the Barclays Companies to cease and desist from violating Sections 6(c), 6(d) and 9(a)(2) of the Commodity Exchange Act and imposed a civil monetary penalty of US\$200 million against Barclays PLC, Barclays Bank PLC and Barclays Capital Inc., jointly and severally.

In its consent to the Order, the Barclays Companies agreed to undertake the following: (1) to ensure the integrity and reliability of their Benchmark Interest Rate Submission(s); and (2) to identify, construct and promote effective methodologies and processes of setting Benchmark Interest Rates, in coordination with efforts by Benchmark Publishers, in order to ensure the integrity and reliability of such rates.

The Barclays Companies further represented and agreed to undertake that each Benchmark Interest Rate Submission by Barclays shall be based upon a rigorous and honest assessment of information, and shall not be influenced by internal or external conflicts of interest, or other factors or information extraneous to any rules applicable to the setting of a Benchmark Interest Rate.

The Barclays Companies also agreed to certain processes and procedures in furtherance of these undertakings.

In anticipation of an administrative proceeding, the Barclays Companies submitted an Offer of Settlement to the CFTC, which the CFTC accepted on 27 June 2012 when the CFTC issued the Order. Without admitting or denying the findings or conclusions set forth in the Order, except to the extent the Barclays Companies admit those findings in any related action against the Barclays Companies by, or any agreement with, the Department of Justice or any other governmental agency or office, the Barclays Companies consented to entry of the Order.

The CFTC expressly noted the Barclays Companies' significant cooperation during the investigation.

In a Final Notice ("Notice") dated 27 June 2012, the U.K. Financial Services Authority ("FSA") describes the settlement of its investigation of Barclays Bank PLC ("BBPLC"), the parent company of the registrant, Barclays Capital Inc. ("BCI"), in accordance with section 206 of the Financial Services and Markets Act 2000. The FSA's reasons for its issuance of the Notice, as set forth more fully in the Notice, are summarized below.

BBPLC acted inappropriately and breached Principle 5 of the FSA's Principles for Business on numerous occasions between January 2005 and July 2008 by making US dollar LIBOR and EURIBOR submissions that took into account requests made by its interest rate derivatives traders. At times these included requests made on behalf of derivatives traders at other banks.

BBPLC also breached Principle 5 on numerous occasions between February 2006 and October 2007 by seeking to influence the EURIBOR and (to a much lesser extent) the US dollar LIBOR, submissions of other banks. As a result of this conduct, there was a risk that the published LIBOR and EURIBOR rates would be manipulated.

BBPLC acted inappropriately and breached Principle 5 on numerous occasions between September 2007 and May 2009 by making LIBOR submissions that took into account concerns expressed by senior management of BBPLC that high LIBOR submissions from BBPLC would cause negative media perception of BBPLC's LIBOR submissions. This resulted in instructions being given by less senior managers to reduce LIBOR submissions in order to avoid negative media comment.

BBPLC breached Principle 3 from January 2005 until June 2010 by failing to have adequate risk management systems or effective controls in place in relation to its LIBOR and EURIBOR submissions processes. BBPLC had no specific systems and controls in place relating to its LIBOR and EURIBOR submissions processes until December 2009 (when BBPLC started to improve its systems and controls). BBPLC's misconduct was

exacerbated by these inadequate systems and controls and by failures to review whether its systems and controls were adequate.

BBPLC breached Principle 2 by failing to conduct its business with due skill, care and diligence when considering issues raised internally in relation to its LIBOR submissions. On three occasions during 2007 and 2008, LIBOR issues were escalated to BBPLC's Investment Banking compliance function, which failed in each case to assess and address the issues effectively. These compliance failures allowed BBPLC's breaches of Principles 5 and 3 to continue and also led to unclear and insufficient communication about issues to the FSA.

The FSA imposed a financial penalty of £59.5 million on BBPLC.

As set forth more fully in the Notice, in determining the appropriate level of the penalty to be paid by BBPLC, the FSA considered the nature and extent of the cooperation provided by BBPLC during the course of its investigation. The FSA acknowledged that BBPLC "provided extremely good co-operation", in particular in providing access to evidence and facilitating voluntary witness interviews which were conducted by the FSA together with other authorities.

In a related matter, under a Non-Prosecution Agreement ("NPA") dated 26 June 2012 with the U.S. Department of Justice Criminal Division, Fraud Section ("DOJ"), Barclays Bank PLC and its parent, subsidiaries and affiliates (collectively, "Barclays Group") admit, accept and acknowledge responsibility for the conduct set forth by the Department of Justice in the Statement of Facts ("Statement") attached to the NPA. Following is a summary of the Statement:

From approximately 2005 through 2007, and occasionally thereafter through approximately 2009, certain Barclays Group swaps traders requested that certain Barclays Group LIBOR and EURIBOR submitters submit LIBOR and EURIBOR contributions that would benefit the traders' trading positions, rather than rates that complied with the definitions of LIBOR and EURIBOR. The submitters accommodated these requests on numerous occasions. In addition, in some instances from at least as early as August 2006 through approximately January 2007, and then on another occasion in or about June 2009, Barclays Group Yen swaps traders made requests to Barclays Group Yen LIBOR submitters for favorable Yen LIBOR settings. Barclays Group Yen LIBOR submitters accommodated those requests on some occasions. The purpose of this activity was to manipulate Barclays Group's Dollar and Yen LIBOR contributions and its EURIBOR contributions and to influence the resulting LIBOR and EURIBOR fixes. Also, from at least approximately August 2005 through at least approximately May 2008, certain Barclays Group swaps traders made requests of swaps traders at other financial institutions for favorable LIBOR and EURIBOR contributions. Submissions by Barclays Group that took into account requests from swaps traders for favorable treatment were false and misleading.

From approximately August 2007 through at least approximately January 2009, Barclays Group often submitted inaccurate Dollar LIBORs that under-reported its perception of its borrowing costs and its assessment of an appropriate Dollar LIBOR submission, and were nearer to the expected rate contributions of other banks, at the direction of certain members of management of Barclays Group, including senior managers in the treasury department and managers of the money markets desk. Such rates were false because they were lower than what Barclays Group otherwise would have submitted and contrary to the definition of LIBOR. This was done to protect Barclays Group's reputation against media and market perceptions that Barclays Group had a liquidity problem based in part on its high LIBOR submissions relative to the submissions of other banks, which Barclays Group believed were too low given market conditions.

The manipulation of Barclays' submissions affected the fixed rates on some occasions.

Barclays Group agreed to pay a monetary penalty of US\$160 million to the United States Treasury.

In the NPA, the DOJ expressly noted Barclays Group's thorough and timely cooperation and commitment to future cooperation with the DOJ and other government authorities in the United States and United Kingdom.

- On 22 December 2011, Barclays Capital Inc. (BCI), without admitting or denying FINRA's allegations and findings, voluntarily agreed to a censure and to pay a fine of US\$3 million related to FINRA allegations that BCI failed to supply investors with accurate information with respect to certain mortgage-backed securitizations on the website maintained by BCI pursuant to the requirements of Securities and Exchange Commission Regulation AB ("Reg AB Website"). FINRA alleged that BCI's failure to maintain accurate information on its Reg AB Website resulted in the violation of National Association of Securities Dealers Rules 3010 and 2110, and FINRA Rule 2010.
- On 14 January 2011, BBPLC reached a settlement with the Financial Services Authority ("FSA") in which the FSA alleged that BBPLC violated Principle 9 and rules COB 5.3.5 R and COBS 9.2.1 R because it failed to take reasonable care to ensure the suitability of the advice it gave with respect to two funds that it sold, the Aviva Global Balanced Income Fund and the Aviva Global Cautious Income Fund. BBPLC agreed to a fine of approximately US\$12 million, to pay restitution to any customers whose sales were deemed unsuitable and to enhance its sales processes.

Barclays Bank PLC ("BBPLC") has disclosed in annual results announcements, annual reports and accounts and Forms 20-F and other publicly available filings since 2007 that it has been conducting an internal review of its conduct with respect to U.S. dollar payments made between 1 January 2000 and 31 July 2007, involving countries, persons and entities subject to U.S. economic sanctions and that it has been reporting the results of that review to the U.S. Authorities (as defined below). BBPLC announced on 18 August 2010 that it had reached settlements (the "Settlements") with the United States Department of Justice, the Manhattan District Attorney's Office, and the US Department Of Treasury's Office of Foreign Assets Control ("OFAC") (together the "U.S. Authorities") in relation to the investigation by those agencies into compliance with U.S. sanctions and U.S. dollar payment practices. In addition, an Order to Cease and Desist has been issued upon consent by the Federal Reserve Bank of New York and the New York State Banking Department. BBPLC agreed to a total penalty of US\$298 million and has entered into Deferred Prosecution Agreements covering a period of 24 months. The Deferred Prosecution Agreements mean that no further action will be taken against BBPLC by the U.S. Authorities if, as is BBPLC's intention, for the duration of the defined period it meets the conditions set forth in its agreements with the U.S. Authorities. The Settlements did not involve the Wealth and Investment Management division of Barclays or its investment advisory activities and the Settlements will not have any impact on clients' account or the services that Barclays provides to clients.

- On 6 June 2007, BBPLC, without admitting or denying the findings contained therein, consented to the issuance of a court order in which the SEC found that BBPLC violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Exchange Act Rule 10b-5 by engaging in the purchase and sale of certain distressed debt securities while aware of material non-public information concerning such debt issuers and not enforcing trading restrictions when in possession of material non-public information. Based on these findings, BBPLC agreed to a fine of US\$6 million, disgorgement of approximately US\$4 million and prejudgment interest of approximately US\$1 million.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

In addition to its registration with the SEC as an investment adviser, BCI is registered with the SEC and the Financial Industry Regulatory Authority as a securities broker-dealer and with the National Futures Association and CFTC as a futures commission merchant (an "FCM"), commodity pool operator (a "CPO") and commodity trading advisor (a "CTA"). BCI is also registered with the SEC and the Municipal Securities Rulemaking Board ("MSRB") as a municipal advisor. BCI is also a primary dealer in U.S. government securities. BCI is controlled by Barclays Bank PLC, which is a bank and both a non-U.S. broker-dealer and non-U.S. investment adviser with a license to provide investment and banking products in various jurisdictions. In addition, certain of Barclays' management persons are registered as registered representatives of BCI (in its capacity as a registered broker-dealer) and associated persons of BCI (in its capacity as a registered FCM, CPO or CTA).

Advisory clients should be aware of the following:

- BCI's principal business is that of a registered broker-dealer and provider of investment banking services. Generally, Barclays Wealth and Investment Management's advisory clients have a brokerage relationship with BCI. BCI's obligations to a client are different when it acts as an adviser through Barclays Wealth and Investment Management as compared to when it acts as a broker-dealer. When BCI acts as broker-dealer, its primary role is to execute trades. BCI receives compensation, including commissions, when it executes such transactions and typically is not acting as a fiduciary with respect to its broker-dealer activities. When BCI acts as an investment adviser through Barclays Wealth and Investment Management, its primary role is to provide investment advice. It receives advisory fees from its advisory clients and has a fiduciary obligation to such clients. However, this does not mean that BCI is acting as an investment adviser or fiduciary with respect to the totality of that client relationship. Barclays is likely to earn more compensation if a client opens an investment advisory account instead of a brokerage account (although you would not receive the same services in a brokerage account). This creates a conflict of interest because Barclays has a financial incentive to recommend that clients open investment advisory accounts. Barclays addresses this conflict by disclosing it to clients and by reviewing each client's account when opened, and periodically after that, to check that it is suitable for the client in light of the client's financial circumstances and investment objectives.
- Barclays generally executes client transactions through BCI. BCI may receive compensation including, but not limited to, commissions when it executes such transactions.
- Barclays may be prohibited from freely exercising its investment discretion for the benefit of clients as a result of restrictions arising from Barclays' affiliations. For example, in the course of their financial services activities, Barclays' affiliates may acquire confidential or material non-public information about an issuer and as a result Barclays may be prohibited from effecting transactions in that issuer's securities on behalf of clients, even in situations where doing so would be a suitable and prudent investment for its clients. In addition, Barclays may be subject to regulatory requirements or policy mandates that exist as a result of its affiliation with Barclays PLC and its subsidiaries (the "Barclays Group"), and such requirements and mandates may restrict Barclays' investment discretion. For example, such requirements may prohibit Barclays from recommending, purchasing or selling certain securities for clients' accounts that it would have in the absence of such restrictions. Barclays addresses this conflict by disclosing it to clients in this Brochure.
- Certain management persons of Barclays also hold positions with the affiliates discussed in the foregoing paragraphs. In carrying out their responsibilities, these management persons may have some responsibility for the business of those affiliates and their compensation may be based, in part, on the profitability of such affiliates. Therefore, the management persons face the same conflicts of interest that exist between Barclays Wealth and Investment Management and those affiliates. Barclays addresses this conflict by disclosing it to clients in this Brochure.

To address these conflicts of interest, Barclays has established a variety of oversight committees (such as a brokerage committee, investment committee, and a portfolio management committee). The committees review certain reports and interview accountable persons and seek to ensure that effective controls are in place. Barclays has also implemented certain policies and procedures designed to address these conflicts, such as Best Execution, Confidential Information and Material Non-Public Information and Code of Ethics.

#### **CONFLICTS OF INTEREST RELATING TO OTHER INVESTMENT ADVISERS**

Barclays does not receive compensation directly from other investment advisers for recommending or selecting the services of those investment advisors for Barclays' advisory clients. However, BCI, by virtue of its other financial industry activities, may receive compensation from such investment advisers in the course

of other business dealings. For example, BCI may provide prime brokerage or execution services to those investment advisers and will be compensated for such services. BCI's interests and business relationships with these investment advisers may create conflicts of interest for Barclays in its selection and recommendation of these investment advisers. However, Barclays selects investment advisers consistent with the methods and processes described in *"Item 6: Portfolio Manager Selection and Evaluation"* and has adopted policies and procedures relating to the selection of third party managers that establish objective criteria for the selection of managers and requires that all third party managers be approved by Barclays' Alternative Investment Manager Selection Committee.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Following is a description of Barclays' code of ethics and related practices and certain conflicts of interest Barclays faces when acting as portfolio manager for clients; however, these conflicts and practices are not directly relevant to clients of the Program because Barclays does not act as portfolio manager for the Program.

The Barclays Wealth and Investment Management Investment Adviser Code of Ethics (the "Code") applies to all employees who perform investment advisory functions (collectively, "Covered Employees") under Barclays' advisory programs. The Code sets forth the expected standards of business with respect to (among other things) personal trading, giving and receiving of gifts and entertainment, insider trading, outside business activities, and rules for dealing with government officials and political contributions. The Code requires Covered Employees at all times to place the interest of clients first, to refrain from taking advantage of their positions inappropriately, and to comply with federal securities laws and regulations and escalate actual and perceived violations. Each Covered Employee is required to certify upon hiring that he or she has received the Code, and annually thereafter is required to certify that he or she has received the Code with any amendments.

Personal investment activities raise a number of potential conflicts of interest and create opportunities for employees to take advantage of their positions inappropriately. Among other examples, (i) an employee may trade ahead in his or her personal account on the knowledge of transactions that are being contemplated for advisory accounts; or (ii) an employee may effect transactions in advisory accounts for the sole purpose of manipulating the prices of securities in which the employee has a financial interest.

Barclays Capital Inc. has also adopted a Global Personal Investments Policy. This policy applies to all firm employees and any individuals over whose investment decisions the employee may exert any control or influence in relation to all personal investment activities. The policy also applies to contingent workers.

Upon joining the firm, employees and contingent workers are required to disclose and seek approval for any personal account; any managed account, any private investment or product which might give rise to perceived or actual conflicts of interest with the firm. After joining the firm, employees are required to seek approval for each of the following activities which are undertaken: the opening or closing of a personal account; the opening or closing of a managed account; a personal account transaction; and a private investment transaction. Employees are also required to maintain their personal accounts with designated brokers. Barclays Capital Inc. strongly discourages short-term personal account dealings and to this end, requires a minimum holding period for all personal account transactions of 14 calendar days. The Code also prohibits same-day trading in the same security as client accounts.

Clients and prospective clients may request a copy of the Code applicable to Barclays Wealth and Investment Management by contacting our Client Service Desk at 800 253 4626 (or +1 212 526 5600 if dialing from outside the United States).

## PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Barclays and its affiliates (including its employees) provide a wide variety of financial services and participate in the financial markets in a number of different capacities on behalf of themselves or their clients. Among other roles, Barclays and its affiliates may act as an investment banker, investment adviser, distributor, underwriter, broker-dealer, prime broker, agent or principal. As a consequence of these activities, Barclays and its affiliates may have a direct or indirect financial or other interest in Investment Products or other securities that Barclays recommends, buys or sells for advisory clients, which presents a conflict of interest. Advisory clients should be aware of the following:

**Recommending Affiliated Investment Products:** Barclays may recommend to advisory clients Investment Products or other securities with respect to which a Barclays Entity is the sponsor, manager, or issuer. Barclays and its affiliates have a financial interest, and the recommendation raises a conflict of interest for Barclays, because an advisory client's investment in the particular Investment Product or security will result in increased compensation or other benefits to Barclays or one or more of its affiliates. Barclays has a corresponding conflict of interest if it makes a negative recommendation with respect to the Investment Product or security because doing so would result in decreased compensation or other benefits to one or more of Barclays' affiliates. For example, Barclays has a financial interest in the following products or services that might be recommended to advisory clients: (i) an investment in a Barclays Wealth Advisor Series Fund, (ii) an investment in a Barclays-sponsored wrap program, or (iii) use of cash sweep programs in which an affiliate of Barclays is a participating bank. Barclays addresses this conflict by disclosing it to clients and by reviewing each client's account when opened, and periodically after that, to check that it is suitable for the client in light of the client's financial circumstances and investment objectives.

**Investing in Securities Recommended to Clients:** In the normal course of business, Barclays and its affiliates may have a financial interest in securities that Barclays recommends to advisory clients, or may acquire a financial interest in securities about the same time that Barclays recommends those securities to advisory clients. In these situations, Barclays' and its affiliates' investing activities for their own accounts may affect the prices of securities that Barclays' advisory clients also hold. Further, Barclays and its affiliates may take action with respect to such securities that may disadvantage advisory clients (for example, where Barclays and its affiliates on the one hand, and advisory clients on the other, invest in different parts of the capital structure of the same issuer or in different classes of securities of the same issuer). Barclays may take action or give advice with respect to its own accounts, or other clients' accounts, that differs from the timing or nature of the action with respect to clients' accounts. There are information barriers between Barclays' investment advisory business and its proprietary trading function that are designed to safeguard the information and research on which investment decisions are made and prevent Barclays and its affiliates' proprietary trading personnel from front running.

**Principal Transactions:** Principal transactions occur when BCI, for its own account, buys securities from or sells securities to an advisory client. This creates a conflict of interest because BCI is buying securities from or selling securities to clients, and therefore has an incentive to buy at a low price or sell at a high price. To address this conflict, BCI will comply with applicable law, which requires disclosure and client consent before completing the transaction.

**Agency Cross Transactions:** When appropriate and permitted by law, BCI or an affiliate of BCI may act as broker for, and receives a commission from, an advisory client on one side of a transaction and the party on the other side of the same transaction (an "agency cross transaction"). BCI will have a potentially conflicting division of loyalties and responsibilities. Barclays addresses this conflict by obtaining written consent from advisory clients prospectively for agency cross transactions and conducts such transactions accordance with Rule 206(3)-2 of the Advisers Act. An advisory client may revoke its written consent at any time by written notice to the Barclays.

**Cross Transactions:** Cross transactions occur when Barclays causes an advisory account to buy securities from or sell securities to another advisory account without involving a broker-dealer or sending the orders to



the market (a “cross trade”). In a cross trade, Barclays may have a potentially conflicting division of loyalties and responsibilities to both sides of the cross trade. To address this conflict, Barclays will only execute cross trades to the extent consistent with best execution and so long as no advisory client is disfavored.

**Breadth of Advisory Activities:** The strategies offered within Barclays’ advisory programs may be managed by independent teams within Barclays who are not required to develop and follow complementary investment strategies. Consequently, advisory accounts can have investment objectives or portfolios that are opposed to each other. Different advisory accounts may also invest in different parts of the capital structure of the same issuer and may therefore have divergent interests in certain situations. As a result of the foregoing, when Barclays recommends, purchases or sells a security for an advisory account, Barclays may already have an interest in that security as a result of services rendered to another advisory account, and in some instances those interests might conflict. Barclays addresses this conflict by disclosing it to clients.

**Barclays as Secured Lender:** Investment advisory clients may, in some circumstances, be able to margin their investment advisory accounts. When a client margins an account, Barclays is the lender, receives margin interest and has a financial interest in protecting its collateral. If the value of assets designated as collateral falls below Barclays’ requirements, Barclays may sell securities. Accordingly, while Barclays is still the client’s investment adviser, it has a conflict of interest because it may exercise its rights as lender to avoid incurring a loss even though this harms the client’s interests. We address this conflict by disclosing it to clients both in this Brochure and in the margin documents clients receive.

**Participation in the Underwriting of Securities Offerings:** BCI may serve as a market-maker, manager or co-manager or other participant in the underwriting of initial and secondary public offerings of securities, or may provide other services to the issuer of such a security (such as merger and acquisition strategy or corporate finance). If Barclays directs its advisory clients to transact in that security, such transactions could impact the security’s price, which may indirectly benefit (or act to the detriment of) BCI. Further, if an advisory client purchases the security from BCI or its affiliates when they act as an underwriter or dealer in a distribution, the transaction will be effected at the public offering price and BCI or its affiliates will receive an underwriting fee or selling concession with respect to the transaction. As such, Barclays has a conflict of interest because its recommendation with respect to that security could affect the revenues earned by BCI. Barclays addresses this conflict by disclosing it to clients.

**Personal Transactions:** Barclays’ investment advisory personnel might have financial interests in securities they recommend, purchase or sell for advisory accounts. See “*Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*” above for a description of the attendant conflicts of interest and how they are addressed.

Barclays has also adopted policies and procedures that impose certain conditions and restrictions on proprietary transactions and those executed on behalf of advisory clients. Various information barriers exist within or between Barclays Wealth and Investment Management, BCI and other members of the Barclays Group. Such policies and procedures are reasonably designed to detect and prevent, among other things, any improper or abusive conduct wherever any potential material conflict of interest may exist with respect to an advisory client.

## REVIEW OF ACCOUNTS

Investment Representatives are responsible at account opening for reviewing accounts in order to assess whether the Program Managers and Program Strategies are appropriate to meet client investment objectives, and conducting similar account reviews periodically after that. In addition, an account review may be triggered: (i) if a client contacts Barclays to request changes to its investment objectives, (ii) if there are significant changes to portfolio or the account, or (iii) in conjunction with a broader review of a particular investment strategy.

Clients generally receive written confirmations of all portfolio trades, should they elect to receive such confirmations, and a monthly written statement for each month in which there is portfolio activity. Clients also receive a quarterly written report that identifies the amount allocated to each Program Manager and provides a summary analysis of each Program Manager's portfolio performance for the current quarter, calendar year to date and since inception of the account, as computed by Barclays using the time-weighted rate of return methodology, which is an industry standard methodology. Where applicable, performance reports may also include comparative performance of relevant benchmarks.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

By virtue of BCI's other financial industry activities, BCI may receive compensation from the Program Managers for services provided to the Program Managers that are unrelated to the Program. BCI's interests and business relationships with the Program Managers may create conflicts of interest for Barclays in its selection and recommendation of the Program Managers to clients. However, Barclays selects and recommends Program Managers consistent with the methods and processes described in *"Item 4: Services, Fees and Compensation"* and *"Item 6: Portfolio Manager Selection and Evaluation"* and has established clear policies and procedures in this regard.

Barclays may enter into third party solicitation agreements under which third parties may solicit and refer clients to Barclays and receive compensation. The compensation is a negotiated amount, typically a percentage of Barclays' investment advisory fees (excluding third party manager payments) earned from investment advisory accounts opened by referred clients. All compensation paid to the third party referring the client will be disclosed to the client as required by applicable law.

#### **FINANCIAL INFORMATION**

Not applicable.

Barclays offers wealth management products and services to its clients through Barclays Bank PLC ("BBPLC") and functions in the United States through Barclays Capital Inc. ("BCI"), an affiliate of BBPLC. BCI is a registered broker dealer and investment adviser, regulated by the U.S. Securities and Exchange Commission, with offices at 200 Park Avenue, New York, New York 10166. Member FINRA and SIPC.

Barclays Bank PLC is registered in England and authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered No. 1026167. Registered Office: 1 Churchill Place, London E14 5HP.