

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 87132 / September 27, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19537**

**In the Matter of**

**BARCLAYS PLC**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

**I**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Barclays PLC (“Barclays” or “Respondent”).

**II**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Barclays consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

**III**

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

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<sup>1</sup> The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

## Summary

1. These proceedings arise out of Respondent's violations of the books and records, and internal accounting controls provisions of the Foreign Corrupt Practices Act of 1977 ("FCPA") [15 U.S.C. § 78m].

2. As described below, beginning in at least 2009 and continuing until approximately August 2013, businesses within Barclays Asia Pacific Region ("APAC") provided valuable employment to the relatives and friends of government officials and executives of Barclays' non-government clients in the form of work experience, internships, and permanent positions. At least some of the offers of employment were extended as a personal benefit to those officials and executives with the expectation that the bank would obtain or retain investment banking business.

3. Between April 2009 and August 2013, Barclays hired approximately 117 job candidates referred by or connected to foreign government officials or non-government clients. Most of these candidates were hired through an unofficial internship program called the "work experience program," but some were hired into Barclays' formal internship program, its graduate program or in permanent positions.

4. Barclays failed to devise and maintain a system of internal accounting controls around its hiring practices sufficient to provide reasonable assurances that its employees were not using employment as an improper inducement in violation of company policy and the FCPA. In addition, in connection with certain of these hires, Barclays APAC employees falsified corporate records in order to conceal the true identity of the person or entity requesting that a candidate be hired and the reasons for the hire.

## Respondent

5. **Barclays PLC ("Barclays")** is a bank holding company, headquartered in London, United Kingdom. Through its subsidiaries, Barclays provides various financial services, including investment banking, wealth management, and the sale and offer of securities. Barclays has registered its American Depositary Receipts with the Commission pursuant to Section 12(b) of the Exchange Act, and its American Depositary Receipts trade on the New York Stock Exchange under the ticker symbol "BCS." Barclays has a reporting obligation to file periodic reports with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act. Barclays and its subsidiaries are collectively referred to as the Barclays Group.

## Other Relevant Entities

6. **Barclays Bank PLC ("BBPLC")** is a global bank and one of the principal subsidiaries of Barclays. BBPLC implements Barclays Group policies and procedures through its global directives applicable to the business units operating within BBPLC's subsidiaries.

7. **Barclays Asia Pacific Region** includes wholly-owned subsidiaries of BBPLC in the Asia Pacific Region. Most of the employees engaged in the improper hiring practices discussed herein were employees in the Asia Pacific Region.

## Facts

### **The Origins of Barclays' Relationship Hiring Program in the Asia Pacific Region**

8. Although Barclays promulgated anti-bribery and corruption policies that included prohibitions on providing employment in exchange for business, between 2009 and 2013, it failed to effectively train APAC employees or monitor their compliance with those policies. APAC bankers and compliance personnel lacked familiarity with and understanding of Barclays' anti-bribery and corruption policies, particularly as those policies related to hiring.

9. For example, an APAC senior executive claimed he did not know that offers of employment were items of value or that such offers could not be used to obtain business. One banker who worked at Barclays business units in both Korea and Hong Kong from June 2005 to March 2017 said he was not aware of the FCPA until 2013. Other bankers said they were not aware that Barclays included internships and offers of employment within the definition of "anything of value." When shown Barclays policy on anti-bribery and corruption, one banker said he had never seen it before. Similarly, a senior regional compliance executive said that he never read the 2009 anti-bribery and corruption policy, which required pre-approval by compliance before Barclays could offer internships to public officials or their close family members, and he also stated that it was not until 2012 that he understood that an internship was considered an item of value for compliance purposes.

10. In April 2009, a senior executive in APAC approved an "unofficial intern" program for Barclays Korea that was separate from Barclays' formal internship program. The stated purpose of the program was to provide work experience opportunities for Korean college students and "on occasion to provide positions for 'relationship' requests for qualified students." Approximately half of the candidates in this program between 2009-2013 had a connection to a Barclays client. A senior banker in Korea responsible for the program stated that, in his view, the key factor behind relationship hiring decisions was what business the client could deliver to the bank. The senior banker also stated that relationship hiring decisions were made based on whether the client was important, whether the hire would enhance the business relationship, and whether hiring the candidate would "open doors" or otherwise help the bank win business. This practice began with Korea and later extended to other countries within APAC.

11. In April 2009, a banker in Seoul proposed to senior bankers that Barclays Korea offer an internship to the son of a key decisionmaker, a foreign official at a Korean state-owned entity, at the same time Barclays Korea was attempting to obtain a mandate as lead manager for the state-owned entity's bond offering. The banker outlined the arrangement to the senior bankers, stating that "before we give [the son] the final offer, we would need to meet his father to confirm our business." Even though Barclays' policy prohibited offering employment to obtain business, a senior executive approved the hire. Shortly after Barclays hired the intern, it obtained a mandate from the state-owned entity to act as the joint lead manager in a \$1 billion bond issuance, for which it earned approximately \$971,000 in fees.

12. Similarly, in May 2009, Barclays Korea sought approval from a senior executive in APAC to hire a candidate for a permanent position. The request to Barclays came from a foreign official who was an executive director of a Korean state-owned entity, making the request on behalf of a friend. A senior banker at Barclays Korea explained to the senior executive that even though another candidate "did much better" in interviews, it was important to hire the applicant referred by the state-owned entity in order to avoid potentially losing that

client's business. The senior executive approved the hire without the review and preapproval by compliance that was required under Barclays' policy. During June 2009, Barclays also hired an intern requested by another foreign official at the same Korean state-owned entity. In late June 2009, Barclays obtained a mandate from the entity for a \$1.5 billion bond deal, for which it earned approximately \$1.15 million in fees.

13. By no later than June 2009, APAC compliance officers were aware of the practice of hiring interns, including the relatives and friends of clients. To the extent compliance officers reviewed relationship hiring requests, their review was generally limited to potential conflicts of interest, despite an April 2009 Barclays policy that expressly addressed anti-corruption risks related to these hiring decisions. APAC compliance officers stated that they were unaware of this aspect of the policy, and a senior APAC compliance executive said that he had never read the 2009 anti-bribery and corruption policy. In fact, a senior compliance officer responsible for reviewing referral hires, acknowledged that, in evaluating hiring requests, he never reviewed information relating to pending business with Barclays' clients even though he had access to that information. Moreover, even though Barclays' policy required "compliance monitoring" in the hiring process, the same compliance officer could not explain what that requirement was or how it was conducted.

14. Relationship hires in the region were, at times, made without consulting the compliance department. In some instances, when compliance was consulted, employees withheld information or falsified documents to conceal the identity of the person or entity requesting the hire. At other times, compliance approved hires even in circumstances where employees candidly identified that the justification for the relationship hire was the potential for future business.

15. In September 2010, APAC bankers sought approval to hire through Barclays' graduate program the daughter of a government official who was the senior executive of a Chinese state-owned enterprise. Although the daughter performed poorly during the interview process, receiving a "do not hire" recommendation, the relationship banker pushed for her hire anyway: "From a business perspective, I am confident that her relationship will bring tangible business to us, particularly in [mergers and acquisitions] and Hong Kong IPOs in the near term."

16. Compliance knew about the possibility of a future transaction with the state-owned enterprise and that the banker anticipated hiring the daughter would help Barclays win business going forward. When the local compliance officer escalated the issue to a senior compliance officer, highlighting the comment about winning business based on the daughter's connections, the senior compliance office responded: "I'm sure this is not the first time." He then approved the offer, as long as the business would confirm that she would be hired for "her qualifications and her skills, not for any other reason." There is no evidence the business unit provided such a confirmation. Nevertheless, Barclays APAC offered the executive's daughter a position in its graduate program.

### **Barclays' Relationship Hiring Practices in the Asia Pacific Region from 2011 to 2013**

17. From 2011 through mid-2013 Barclays APAC continued its practice of relationship hiring based on requests by foreign government officials and non-government clients.

18. In May 2011, APAC adopted the “work experience program,” which set forth certain procedures in an attempt to manage relationship hires. The program set limits on the number of candidates for each jurisdiction, and it later evolved to require compliance approval for any candidates referred by a government official or non-government client. The business unit seeking authority to offer employment through the work experience program was required to disclose on a candidate application form whether the candidate had been referred for hiring by a client and to explain the business rationale for the hire.

19. Despite implementation of the work experience program’s additional controls and procedures, APAC personnel continued to make relationship hires in violation of Barclays’ anti-bribery and corruption policies. The work experience program did not address all relationship hires. In one example, in September 2011, the daughter of a senior executive of an important private client of Barclays was hired into the graduate program even though she did not graduate from a college or university and had applied after the program had closed.

20. Even when the work experience program procedures did apply, they were sometimes ignored. For example, in September 2011 an APAC banker based in Hong Kong told senior bankers that a senior executive at a private Korean bank would guarantee business for Barclays if he could find the executive’s daughter a job: “As a quid pro quo, he would guarantee our next business....”

21. A senior banker in Korea then falsified the daughter’s candidate approval application, concealing the connection between the hire and the senior executive by falsely identifying the candidate as an acquaintance of a banker at Barclays rather than as the daughter of a client. In October 2011, APAC offered the senior executive’s daughter a position in the work experience program. In December 2011, Barclays priced US\$500 million of senior bonds for the private Korean bank. Barclays received just over \$300,000 in fees for the transaction.

22. Even with compliance review, in 2011 and 2012, APAC continued to hire candidates connected to government officials at state-owned entities or to executives of non-government clients where business was either pending or being sought. For example, in early 2012, Barclays was asked by an executive of a state-owned entity to hire the daughter of a close friend who was a government official at a regulatory agency overseeing the state-owned entity making the referral. The hire was made even though compliance knew the bank was competing for a \$2 billion bond issuance. Shortly thereafter, the state-owned entity engaged Barclays in the bond deal. Barclays booked just over \$300,000 in fees related to the offering.

23. In March 2012, Barclays revised its internal policies regarding referral hires to require an attestation that the hire was not being made for the purpose of obtaining or retaining business, and APAC integrated the attestations into its procedures for work experience hires. However, with the exception of one rejected candidate in May 2012, the new requirement had little impact on the approval of relationship hires in APAC. Bankers sometimes provided inaccurate attestations, and even where a disclosure was accurate, compliance approved the hires despite pending or potential business.

24. For example, in April 2012, a relationship banker justified the proposed work experience program hire of the daughter of a non-government client CEO based at least in part on the company’s plans to do an IPO, noting internally that it was “a very important case to accommodate.” While attesting that he was not making the hiring request to obtain business, the banker failed to disclose to compliance the potential IPO. Similarly, in May 2012, Barclays

hired an intern requested by a government official at a state-owned enterprise. The required attestation was made but it also listed “client relationship” as the business rationale for the hire. Compliance approved the hire.

25. Despite the longstanding Barclays policy prohibiting hires made to obtain or retain business, in June 2012, a presentation circulated widely within the region’s investment banking division identified “Strategic Hiring” as one component of an action plan to “satisfy” clients. Under the heading of “Strategic Hiring,” the presentation listed instances in which other banks had hired the children of government officials. Even though the presentation was distributed to high levels within the region, no one objected to or reported the proposed initiative as a potential breach of Barclays’ policy or the FCPA. Two senior executives said that the Strategic Hiring presentation was problematic.

26. Shortly thereafter, on July 3, 2012, Barclays updated its policy guidance to reiterate a “zero tolerance” policy regarding bribery and reaffirming that the policy applied to all business dealings with state-owned entities as well as private clients. The policy emphasized that the prohibition on offering anything of value to a public official in order to obtain business included offers of employment to family members or associates.

27. The new policy had little impact on hiring practices within APAC. In July 2012, an APAC banker requested an internship for the son of a non-government client bank executive. The executive was the deputy general manager at the client bank who managed a U.S. dollar position over \$6 billion and was a “key relationship.” The APAC banker explained that arranging a work experience internship for the client’s son would be “taken as a huge favour which he will seek to return.” The request was approved by senior bankers. Records of the hire reflect no consultation with the compliance department.

28. In November 2012, a foreign official who was the treasurer of a state-owned entity requested help arranging an internship in the formal summer program for the relative of a non-executive director and party official. The candidate had applied late, and one APAC banker had rejected his application. Another APAC banker forwarded the request to the regional Chief Operating Officer’s office, to the office of human resources, and to other bankers, explaining that the candidate’s father held an “important” post and noting: “Business case-wise, we are pursuing a jumbo-sized bond offering opportunity in 2013.” One of the senior bankers replied to all of the recipients: “We will evaluate [the candidate] on his own merits.” Three minutes later, that same senior banker emailed the APAC banker: “I had to say that.” The APAC banker replied: “[T]his boy has connections. Think [competitor] will be more than happy to offer an internship to someone like this.”

29. Even though the candidate’s application arrived after the deadline, an APAC employee in the COO’s office spoke with him by phone and then included him on the list for the final round of interviews. The candidate performed poorly. The interviewers did not support his application and reported that he “was a mediocre candidate and technically not strong.” Nevertheless, after other candidates declined Barclays’ offers, on February 20, 2013, Barclays offered the candidate a position in the formal campus recruitment program, which he immediately accepted. There is no evidence that the senior bankers sought compliance review, despite the January 2013 issuance of guidance that prohibited offering employment to a family member or person connected to a government official unless approved by Barclays Financial Crime Compliance.

30. On March 25, 2013, a senior banker at Barclays learned that the bank had been downgraded to second tier consideration in the competition for the above-referenced “jumbo bond offering.” The senior banker instructed another banker to contact the state-owned entity’s treasurer who had made the November 2012 hiring request on behalf of the executive: “Please remind [him] about our intern slot.” The senior banker also gave instructions to “put loads of pressure on [the treasurer] to get us into this deal. We have been covering their team extremely closely, have hired this intern and I fully expect they should be able to find a spot for us given there will be a large line up of banks.”

31. In July 2013, the state-owned entity selected Barclays to be the lead arranger on a \$3 billion bond deal. Barclays booked approximately \$332,700 in revenue for the project.

32. In January 2013, Barclays’ global compliance department increased its scrutiny of relationship hiring. On January 30, 2013, Barclays issued a global compliance alert entitled “Guidance on Employee Referrals” that applied to all recruiting programs, including full or part-time work, internships, work shadowing and other work experience programs. Consistent with the existing policy, the guidance reaffirmed that employees were prohibited from hiring client relationship candidates in connection with obtaining or retaining business from anyone, whether the client was a private client or government entity. The policy also emphasized that all candidates must follow the “standard and independent merit based recruitment process.”

33. The January 30, 2013 guidance directed that employees should not request that a candidate be interviewed or hired because of an expectation that doing so might contribute to obtaining, maintaining, or facilitating business with a client. The guidance also prohibited offering or promising employment to a family member or person connected with a public official unless approved by the bank’s Financial Crime Compliance team.

34. In February 2013, APAC bankers sought to hire the nephew of the CEO of a key private client into the work experience program. An APAC compliance officer consulted with Barclays’ global compliance about the request from the key private client, which led to a review of the work experience program. Barclays’ global compliance agreed that the hiring recommendation had been preordained: “[I]t appears the business contacts made a ‘hiring’ determination and then sent the candidate to HR for processing.”

35. Despite this, the candidate, who had previously been rejected in late 2012 during the merit-based competition for the formal summer intern program, was nevertheless offered a position in March 2013 as part of the formal summer intern program in APAC. Barclays records related to the hire contain no indication that the compliance department was consulted or even made aware of the March 2013 offer, despite the explicit requirement in the January 2013 guidance. In May 2013, Barclays booked over \$2.6 million in revenue from the CEO’s business.

36. On March 13, 2013, Barclays Financial Crime Compliance determined that the work experience program should be shut down.

37. On September 30, 2013, in the wake of news reports regarding investigations into relationship hiring practices at other financial institutions in APAC, Barclays further tightened its hiring policy and implemented enhanced controls aimed toward ensuring future hires would be made in compliance with its anti-bribery and corruption policies and applicable law.

38. Since then, Barclays has enhanced its internal controls related to hiring and employment opportunities through a series of policy, governance, and training initiatives. These

initiatives include enhancements to the anti-bribery and corruption policy and a specific “Anti-Bribery & Corruption Employment & Work Opportunity Standard,” which sets out the control requirements for hiring practices risk, provides for targeted training, and establishes electronic resources to communicate the new policies, processes, and emerging risks. In addition, Barclays introduced regional help desks to streamline the escalation of issues, implemented a system to track anti-bribery and corruption-related requests, and adopted independent testing and assurance initiatives.

### **Legal Standards and Violations**

39. Under Exchange Act Section 21C(a), the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

40. As a result of the conduct described above, Barclays violated the books and records provisions of the FCPA in connection with its relationship hiring practices in APAC. Under Exchange Act Section 13(b)(2)(A), Barclays was required to make and keep books, records, and accounts, which in reasonable detail, accurately and fairly reflected the transactions and dispositions of assets. Barclays’s internal controls required that its employees submit accurate candidate questionnaires and attestation forms in order to screen proposed work experience program hires for compliance with Barclays policies and the FCPA. Contrary to that requirement, certain Barclays personnel submitted, reviewed, and approved inaccurate compliance questionnaires and attestation forms containing inaccurate information that failed to disclose the true source of candidates referred for hire and the intended purpose of making certain relationship hires. [15 U.S.C. § 78m(b)(2)(A)].

41. As a result of the conduct described above, Barclays’ relationship hiring practices in APAC violated Exchange Act Section 13(b)(2)(B) which requires issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management’s general or specific authorization; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

42. Even though Barclays recognized the corruption risks of relationship hiring and had policies prohibiting its employees from using offers of employment to obtain business or gain a business advantage, it failed to devise and maintain a sufficient system of internal accounting controls to provide reasonable assurances that its employees did not engage in unauthorized transactions in contravention of corporate policy. Although it promulgated written policies, Barclays failed to implement them adequately.

**Commission Consideration of Barclays’  
Self-Reporting, Cooperation and Remedial Efforts**

43. In determining to accept the Offer, the Commission considered Barclays’ self-reporting, cooperation and remedial acts. Barclays voluntarily reported the conduct at issue and, prior to the Commission’s investigation, undertook remedial steps including terminating senior executives and other employees involved in the misconduct, revising its hiring policies and procedures, and enhancing its compliance programs. Barclays’ cooperation included providing facts developed during the course of its own internal investigation, providing focused presentations regarding its hiring practices, and voluntarily producing voluminous records including detailed spreadsheets related to specific hires and key document binders. Barclays also made its employees available for interviews upon request and facilitated the interviews of former employees by the Commission staff, including interviews of certain witness who traveled internationally.

**IV**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Exchange Act Section 21C, Respondent cease and desist from committing or causing any violations and any future violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B).

B. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$3,824,686, prejudgment interest of \$984,040, and a civil money penalty in the amount of \$1,500,000, for a total payment of \$6,308,726 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and 31 U.S.C. § 3717. Payment must be made in one of the following ways:

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

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

Payments by check or money order must be accompanied by a cover letter identifying Barclays as Respondent in these proceedings, and the file number of these proceedings. A copy of the cover letter and check or money order must be sent to Charles Cain, Chief, FCPA Unit,

Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman  
Secretary