

**Sent via Certified Mail, Return Receipt Requested (9314 8699 0430 0136 3673 92), First Class Mail and Email ([zack.zacharia@barclays.com](mailto:zack.zacharia@barclays.com))**

June 17, 2025

Barclays Capital Inc.  
c/o Mr. Zack Zacharia, Chief Compliance Officer  
745 Seventh Avenue, 13th Floor  
New York, NY 10019

**Re: Payment of Fine in Connection with Executed Letter of Consent**  
**FINRA Matter No. 2021072379309**

Dear Mr. Zacharia:

Enclosed is an executed copy of the Letter of Consent (“LOC”), signed by Zack Zacharia, Chief Compliance Officer at Barclays Capital Inc. (the “Firm”), and countersigned by Edward Deitzel, Executive Vice President and Chief Regulatory Officer, for the Business Conduct Committee, at the MIAX Emerald, LLC (“MIAX Emerald”) on June 11, 2025. Please consider this correspondence as notice to the Firm that this LOC has been accepted, and as a result, the Firm must promptly remit payment of the agreed upon sanction. Please make the payment to MIAX Emerald, LLC.

Pursuant to Miami International Securities Exchange, LLC Rule 1011, made applicable to MIAX Emerald in Chapter X of the MIAX Emerald Rulebook, after seven calendar days’ notice in writing, the Exchange may summarily suspend a Member that fails to pay promptly a fine when such fine becomes finally due and payable.

If you have any questions regarding this matter, please contact me at 301-258-8502.

Sincerely,

A handwritten signature in blue ink, appearing to read "Luis A. Prieto", with a stylized flourish extending to the right.

Luis A. Prieto  
Senior Counsel  
*Barred in DC and MD*

Enclosure

cc: Shannon S. Dolan, Litigation, Investigations & Enforcement, Barclays Legal (via email to [shannon.dolan@barclays.com](mailto:shannon.dolan@barclays.com))

Ellen Hu, Litigation, Investigations & Enforcement, Barclays Legal (via email to [ellen.hu@barclays.com](mailto:ellen.hu@barclays.com))

Peter Bon Viso, VP Regulation, Miami International Securities Exchange, LLC (via e-mail to [pbonviso@MIAXGlobal.com](mailto:pbonviso@MIAXGlobal.com))

*This letter is issued on behalf of the MIAX Emerald, LLC, by FINRA Department of Enforcement pursuant to a grant of authority to FINRA. Accordingly, this constitutes a letter by the MIAX Emerald, LLC.*

**MIAX EMERALD, LLC  
LETTER OF CONSENT  
NO. 2021072379309**

TO: MIAX Emerald, LLC  
c/o Department of Enforcement  
Financial Industry Regulatory Authority ("FINRA")

RE: Barclays Capital Inc., Respondent  
Broker-Dealer  
CRD No. 19714

Pursuant to Rule 1003 of the Rules of the MIAX Emerald, LLC ("MIAX Emerald"), Barclays Capital Inc. ("Barclays" or the "firm") submits this Letter of Consent ("LOC") for the purpose of proposing a settlement of the alleged rule violations described below. This LOC is submitted on the condition that, if accepted, MIAX Emerald will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of MIAX Emerald, or to which MIAX Emerald is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by MIAX Emerald:

**BACKGROUND**

The firm has been a member of FINRA since October 1987 and of MIAX Emerald since March 2019, and its registrations remain in effect. The firm is headquartered in New York, New York, and has 16 branch offices with over 2,800 registered representatives. Barclays' business includes options and equities trading on behalf of itself and customers, underwriting, and market making.

**RELEVANT DISCIPLINARY HISTORY**

Barclays has no relevant disciplinary history with respect to MIAX Emerald.

In November 2021, NYSE American censured and fined Barclays \$55,000 for one instance of anticipatory hedging and for related supervisory violations.

In December 2018, NYSE Arca Options censured and fined Barclays \$70,000 for two instances of anticipatory hedging and for related supervisory violations.

In August 2017, NYSE Arca Options censured and fined Barclays \$60,000 for one instance of anticipatory hedging and for related supervisory violations.

## **SUMMARY**

From July 2012 to April 2025, Barclays failed to establish, maintain, enforce and keep current a system of compliance and supervisory controls, including written supervisory procedures (“WSPs”), reasonably designed to achieve compliance with applicable securities laws, regulations, and rules prohibiting layering and spoofing of U.S. equity options and index options (“options”) in violation of MIAX Emerald Rules 300, 500(b), and 1308(c)(1).<sup>1</sup>

Further, between July 2012 to April 2025, Barclays failed to establish, document, and maintain reasonably designed post-trade regulatory risk management controls ensuring that appropriate surveillance personnel receive immediate post-trade execution reports that monitor for layering and spoofing of options in violation of Section 15(c)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Exchange Act Rule 15c3-5.

Additionally, from June 2018 to June 2021, Barclays violated MIAX Emerald Rules 300, 500(b), and 1308(c)(1) by failing to conduct surveillance for potential anticipatory hedging activity in certain exchange traded fund (“ETF”) transactions.

## **FACTS AND VIOLATIVE CONDUCT**

1. This matter arose from a FINRA Rule 4530 disclosure by Barclays.

### ***Supervision and Market Access Controls and Procedures for Potential Layering and Spoofing of Options***

2. MIAX Emerald Rule 300, prohibits members from “engag[ing] in conduct in violation of the Exchange Act, the By-Laws or the Rules of the Exchange, or the Rules of the Clearing Corporation insofar as they relate to the reporting or clearance of any Exchange Transaction, or any written interpretation thereof. Every Member shall so supervise persons associated with the Member as to assure compliance therewith.”
3. MIAX Emerald 500 (b) prohibits members from “engag[ing] in conduct (1) inconsistent with the maintenance of a fair and orderly market; (2) apt to impair public confidence in the operations of the Exchange; or (3) inconsistent with the ordinary and efficient conduct of business.”
4. MIAX Emerald Rule 1308(c)(1) provides that each member must “develop and maintain adequate controls over each of its business activities. Such controls must provide for the establishment of procedures for verification and testing of those business activities. An ongoing analysis, based upon appropriate criteria, may be employed to assess and prioritize those business activities requiring independent verification and testing. A review of each Member’s efforts with respect to internal

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<sup>1</sup> Chapters III and XIII of the MIAX Emerald Rulebook incorporate by reference the rules contained in Chapters III and XIII of the Miami International Securities Exchange, LLC’s Rulebook, including Rules 300, 301, and 1308(c)(1), respectively.

controls, including a summary of tests conducted and significant exceptions identified, must be included in the annual report required by paragraph (g) of this Rule.”

5. Exchange Act Section 15(c)(3) prohibits broker-dealers from contravening the rules and regulations prescribed by the Securities and Exchange Commission (“SEC”) to “provide safeguards with respect to the financial responsibility and related practices of brokers and dealers.” The SEC adopted Exchange Act Rule 15c3-5 to reduce the risks associated with market access faced by broker-dealers, the securities markets, and the financial system as a whole, and thereby enhance market integrity and investor protection by requiring effective financial and regulatory risk management controls reasonably designed to limit financial exposure and ensure compliance with applicable regulatory requirements to be implemented on a market-wide basis.
6. Exchange Act Rule 15c3-5(b) requires that a “broker or dealer with market access, or that provides a customer or any other person with access to an exchange or alternative trading system through use of its market participant identifier or otherwise, shall establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of this business activity.”
7. Exchange Act Rule 15c3-5(c)(2)(iv) requires broker-dealers with market access to establish, document, and maintain regulatory risk management controls and supervisory procedures that are reasonably designed to ensure compliance with all regulatory requirements, including controls reasonably designed to “[a]ssure that appropriate surveillance personnel receive immediate post-trade execution reports that result from market access.” In the Rule 15c3-5 Adopting Release dated November 3, 2010, the SEC stated that the “regulatory requirements” include “post-trade obligations to monitor for manipulation and other illegal activity,” and that it “believes that immediate reports of executions will provide surveillance personnel with important information about potential regulatory violations, and better enable them to investigate, report, or halt suspicious or manipulative trading.”
8. Exchange Act Rule 15c3-5(e) requires broker-dealers with market access to establish, document, and maintain a system for regularly reviewing the effectiveness of the risk management controls and supervisory procedures relating to market access. Subsection (e)(1) requires the broker-dealer to conduct and document a review of its market access business at least annually in accordance with written procedures.
9. From July 2012 until March 2022, Barclays did not have a supervisory system in place to monitor for layering and spoofing market abuse for the Firm’s options orders, which resulted in Barclays sending at least hundreds of millions of options orders to options exchanges, including MIAx Emerald, without being surveilled for spoofing or layering. Specifically, none of Barclays’ surveillances for layering and spoofing included options order activity, and its WSPs did not reference surveilling options for layering and spoofing. In addition, from July 2012 through March 2022, Barclays did not establish and maintain regulatory risk management controls and immediate post-

trade execution reports so as to allow the Firm to surveil for potential spoofing and layering for options orders that Barclays routed directly to MIAX Emerald. Furthermore, Barclays' annual review of market access controls failed to identify that it did not have spoofing and layering surveillances for its options trading.

10. On March 25, 2022, Barclays implemented two surveillances, and corresponding WSPs, to detect potential layering and spoofing in its options order flow. However, Barclays' parameters for the surveillances required that the aggregated volume of potentially manipulative orders by account be at least 20 times greater than the average trade size of the security (among other parameters). This parameter was unreasonable because layering and spoofing can occur with smaller-sized orders. Barclays made changes to lower this threshold in mid-April 2025.
11. As a result, Barclays violated MIAX Emerald Rules 300, 501(b), and 1308(c)(1), and Exchange Act Section 15(c)(3) and Exchange Act Rules 15c3-5(b), 15c3-5(c)(2)(iv), and 15c3-5(e).

***Supervision for Potential Anticipatory Hedging***

12. MIAX Emerald Rule 301, Interpretations and Policies .02 prohibits anticipatory hedging.<sup>2</sup> From June 2018 until June 2021, Barclays failed to establish, maintain, and enforce a supervisory system that was reasonably designed to identify anticipatory hedging in ETFs. Specifically, Barclays excluded approximately 1,029 ETFs from its surveillance for anticipatory hedging after a logic code change in 2018. During this period, Barclays did not surveil over 350,000 options orders sent to several exchanges, including MIAX Emerald, for potential anticipatory hedging. On June 5, 2021, Barclays implemented a coding change that remediated the issue.
13. As a result, Barclays violated MIAX Emerald Rules 300, 501(b), and 1308(c)(1).

B. The firm also consents to the imposition of the following sanctions:

- a censure, and
- a total fine of \$2,250,000 (\$72,500 payable to MIAX Emerald).<sup>3</sup>

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<sup>2</sup> Options exchanges have anticipatory hedging rules, which generally prohibit a member that has knowledge of all material terms of a solicited order, an order being facilitated, or orders being crossed, the execution of which is imminent, from buying or selling (1) an option on the same underlying security as the option that is the subject of the order, (2) the underlying security itself, or (3) any related instrument until either the terms of the order are disclosed to the trading crowd or the options order can no longer be considered imminent in view of the passage of time since the order was received.

<sup>3</sup> The remainder of the fine shall be allocated to: BOX Exchange LLC, Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe Exchange, Inc., Cboe EDGX Options Exchange, Inc., FINRA, Investors Exchange LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, Nasdaq BX Options, Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq Options Market, Nasdaq Phlx Options, NYSE American Options, NYSE Arca, Inc., and NYSE National, Inc.

The firm agrees to pay the monetary sanction upon notice that this LOC has been accepted and that such payment is due and payable.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by MIAX Emerald.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

The firm specifically and voluntarily waives the following rights granted under MIAX Emerald Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a Hearing Panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to MIAX Emerald's Board of Directors and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer ("CRO"), as well as the Business Conduct Committee ("BCC"), in connection with participation in discussions regarding the terms and conditions of this LOC, or other consideration of this LOC, including acceptance or rejection of this LOC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of MIAX Emerald Rule 1006, in connection with such person's or body's participation in discussions regarding the terms and conditions of this LOC, or other consideration of this LOC, including its acceptance or rejection.

## **III.**

### **OTHER MATTERS**

The firm understands that:

- A. Submission of this LOC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO and the BCC, pursuant to MIAX Emerald Rule 1003;
- B. If this LOC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and

C. If accepted:

1. This LOC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by MIAX Emerald or any other regulator against the firm;
2. This AWC will be published on a website maintained by MIAX Emerald; and
3. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this LOC or create the impression that the LOC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of MIAX Emerald, or to which MIAX Emerald is a party, that is inconsistent with any part of this LOC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which MIAX Emerald is not a party.

- D. The firm may attach a Corrective Action Statement to this LOC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the LOC in this Statement. This Statement does not constitute factual or legal findings by MIAX Emerald, nor does it reflect the views of MIAX Emerald or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this LOC and has been given a full opportunity to ask questions about it; that it has agreed to the LOC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

May 12, 2025

Date

Respondent  
Barclays Capital Inc.

By: *Zack Zacharia*

Name: Zack Zacharia

Title: Chief Compliance Officer

Accepted by MIAX Emerald, LLC:

June 17, 2025

Date

*Edward Deitzel*  
Edward Deitzel



X Accept                           Decline

By: Edward Deitzel  
For the Business Conduct Committee

## ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Consent by the following method (check one):

- ☐ A firm check or bank check for the full amount
- ☒ Wire transfer

Respectfully submitted,  
Respondent  
Barclays Capital Inc.

May 12, 2025

\_\_\_\_\_  
Date

By: Zack Zacharia

Name: Zack Zacharia

Title: Chief Compliance Officer