

FAQs: BARX Book

As of March 2023

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1. Introduction

BARX Book is a single dealer platform (“SDP”) owned by Barclays Capital Inc. (“BCI”) and hosted by Nasdaq’s Operations and Compliance Network (“Ocean”). BARX Book has been designed to allow Barclays Institutional Clients¹ and External Liquidity Providers² (collectively, “clients”) access to Barclays’ principal liquidity. BARX Book is not an alternative trading system (“ATS”) as defined by SEC Regulation ATS. BCI is registered as a broker-dealer with the United States Securities and Exchange Commission. BCI is a member of FINRA and is subject to the regulation of the SEC, FINRA and other SROs.

2. Basic Information

- BCI is the contra party to every trade executed in BARX Book.
- BARX Book does not match agency orders against other agency orders.
- BARX Book uses the MPID “BBOK”, which is also the MIC Code.
- Trades are reported to Nasdaq Trade Reporting Facility (“TRF”).
- Client orders are not routed externally.

3. Market Data

BARX Book uses the Securities Information Processor (SIP) feed to calculate the NBBO.

4. Hours of Operation

Primary Trading Session is from 9:30 a.m. EST to 4:00 p.m. EST:

- a. Orders become eligible for execution at 9:30 a.m. EST or thereafter, once both the symbol has opened on the primary market and BARX Book has received a security status code of “Open”.
- b. Orders can be sent to BARX Book starting from 8:00 a.m. EST. Orders received by BARX Book from 8:00 a.m. EST are entered into the queue and become eligible for execution on or after 9:30 a.m. EST, per the conditions specified above.
- c. Unexecuted orders intended to execute during the continuous session will be cancelled at 4:00 p.m. EST, or earlier in the event of a shortened trading day, and will not roll up into the BARX Book Closing Cross.
- d. Executions for MOC and TMOC orders will be returned post the closing cross on the relevant primary exchange,
- e. Barclays, in its sole discretion, will choose whether or not to open BARX Book in whole or in part for any reason whatsoever including, but not limited to, market conditions or technological or other issues.

¹ Non broker-dealer clients.

² Third-party broker-dealers that route orders solely on a principal basis and/or who self-identify as ELPs.

5. Access to BARX Book

Clients can access BARX Book in the following ways:

- a. Directed orders via a Direct FIX connection (No proprietary protocol available) or directed orders via Barclays SOR
- b. Through Barclays' smart order router ("SOR")³ and algorithms.
- c. Through the BARX Book tactic which offers order types to trade directly with BARX Book.

6. How does BARX Book match orders?

- a. BARX Book will match eligible orders based on price/time priority.
- b. Barclays principal desks⁴ are the contra party on every client execution. Principal interactions with counterparties can be configured to match client specifications. As set forth in FAQ 14 below, clients may interact with principal desks on an anonymous or disclosed basis. A client's election regarding anonymity may impact the way in which principal desks provide liquidity during continuous trading and during the BARX Book Closing Cross.
- c. BARX Book also matches Barclays' principal orders against other Barclays' principal orders.

7. Do Barclays principal desks trade against every client order entered into BARX Book?

As noted in response to FAQ 6, the principal desks may provide customized liquidity to clients accessing BARX Book. This bespoke liquidity may be limited due to a number of factors, among which are client trading behavior, flow segment type (e.g., direct flow versus algo / router flow), or the state of internal risk positions.

8. What order types does BARX Book support?

- a. Limit
- b. Day and Immediate or Cancel ("IOC")
- c. Pegged orders at the near, mid and far side of the NBBO
- d. Additional Liquidity IOC (Described in detail in FAQ 9.)
- e. Conditional and Conditional Eligible Firm orders
- f. Odd lots and mixed lots
- g. Minimum Quantity (BARX Book will not aggregate multiple orders to satisfy the min quantity instruction. BARX Book will, by default, treat any leaves quantity that falls below the min quantity as the new min quantity. BARX Book also offers the option to cancel back any leaves quantity that falls below the min quantity.)
- h. Market on Close (MOC)
- i. Targeted Market on Close (TMOC)

³ Barclays has developed a new smart order router ("SOR") for US equities that leverages its new electronic trading platform and existing Algorithmic Trading Strategies. Please review the Smart Order Router FAQs document available at barx.com/eqdisclosures for more details.

⁴ Barclays principal desks are the High-Touch Trading Desks which include, but are not limited to, the Cash trading desk, Flow Volatility trading desk, Exchange Traded Funds trading desk, Structured Derivatives trading desk and the Convertible Bonds trading desk. The Program Trading Desk primarily executes basket trading strategies on either an agency or facilitation on principal basis. These desks primarily engage in customer facilitation transactions, but may also trade and hold positions for Barclays' firm accounts or the accounts of Barclays' affiliates.

9. How does Additional Liquidity IOC (“ALIOC”) order work?

ALIOC is an order type that allows clients to request additional liquidity not readily posted in BARX Book directly from principal desks. The ALIOC request message discloses the client’s identity in addition to the symbol, side, price, full order quantity, and quantity not already matched in BARX Book. Upon receipt of an ALIOC order, principal desks have the option to fill the order in its entirety, to partially fill the order, or to cancel the order back to the client. Use of the ALIOC order may incur additional latency.

10. How does the BARX Book Closing Cross work?

BARX Book supports Market on Close (“MOC”) and Targeted Market on Close (“TMOC”) order types. The execution of MOC and TMOC orders occurs at a single point in time and is based on that security’s closing price, which is determined by the closing price on the security’s primary exchange. Any executions that result from the Closing Cross in BARX Book are released to the client once the security has closed on its primary exchange. In the event the security does not have a closing cross on its primary exchange, no cross will occur in BARX Book for that specific security and the order will be cancelled back.

For short sale orders on RegSHO names, BARX Book will use the same criteria as the primary exchange to determine the eligibility of the order to participate in the BARX Book closing cross. This can result in a scenario where an order which was originally indicated to be matched in BARX Book is no longer eligible for a fill from BARX Book. Barclays reserves the right to disable support of short sale orders within the BARX Book Closing Cross.

Orders may be submitted to the Closing Cross up until 3:47 p.m. EST, after which orders cannot be cancelled or amended. Shortly after 3:47 p.m. EST, the imbalance message is sent to the central liquidity facility⁵. At 3:48 p.m. EST, eligible orders are matched, any unmatched orders are cancelled back, and unmatched portions of partially matched orders are sent a restatement message.

The imbalance message sent discloses the symbol, side, and both matched and unmatched quantities. The imbalance message also discloses an ID that identifies individual BARX Book direct clients, Barclays’ principal trading desks, or if the order was sent from Barclays’ algorithms and / or the SOR. By default, BARX Book participants will have any matched and unmatched quantity from their MOC or TMOC orders included in the imbalance message. However, participants are permitted to opt out of having their matched and unmatched quantity included in the imbalance message on an order-by-order basis. As a result, any imbalance reflected in the imbalance message may not represent the actual imbalance due to orders that may be resting in BARX Book where the client has opted to not include their MOC or TMOC orders in the imbalance message. Therefore, between 3:47 p.m. EST and 3:48 p.m. EST, Barclays’ principal desks are permitted to submit new orders to help reduce or offset any imbalance.

⁵ Central liquidity facility refers to a subset of accounts within our high touch trading desks that are managed with an intent of finding natural offsets and sourcing liquidity within Barclays. The facility can provide necessary liquidity to manage its overall exposures and as such can facilitate orders sent to BARX Book by both clients and internal desks.

11. What is the difference between the Market on Close (MOC) and Targeted Market on Close (TMOC) order types?

When using the TMOC order type, the order details are immediately disclosed to principal desks, including the aforementioned ID that identifies the individual BARX Book direct client or if the order was sent via Barclays' algorithms and / or the SOR. principal desks then have the option to immediately provide liquidity and submit a paired order to BARX Book, or not. By default, any leaves and matched quantity will be included in the imbalance message; however, participants have the option to opt out on an order-by-order basis.

When using the MOC order type, the order details and accompanying ID are not disclosed. The MOC order will only interact with eligible resting liquidity in BARX Book until the imbalance message is sent. After the imbalance message is sent, the MOC order will be eligible to pair off with any additional liquidity provided by principal desks, as described in response to FAQ 10.

Please contact your sales and trading representative for additional information about the BARX Book Closing Cross.

12. How do Conditional Orders work?

Both client and principal trading participants are permitted to send conditional orders to BARX Book. A conditional order may match against another conditional order or match against a conditional eligible firm order. Once a potential match is found, BARX Book will send a message to the Conditional order submitter and invite the Conditional order submitter to firm up. Once the conditional order submitter firms up ("Firm-up Order") within the preconfigured match time against either a contra conditional order or a contra conditional-eligible firm order, a match can occur. During the preconfigured match time period, Firm-Up orders are treated like any firm order in BARX Book and can match with any other resting firm order or Firm-up Order submitted in response to the original conditional-to-conditional order match. When the preconfigured match time is expired the conditional order will be canceled back.

Please contact your sales and trading representative for additional information about BARX Book conditional orders.

13. Does BARX Book send Indications of Interest ("IOIs")?

BARX Book may publish an IOI that provides potential trading interest from principal liquidity residing in the book. Barclays' SOR may consume this IOI feed and may use the information as part of its order routing decision-making process. BARX Book IOIs may be made available to clients and vendors at Barclays' sole discretion. Client orders are not included in BARX Book IOIs.

14. What information is available to Barclays and/or Ocean employees?

Barclays has established information barriers and procedures which endeavor to protect clients' confidentiality. The details of these existing procedures can be found documented in our order handling instructions available at barx.com/eqdisclosures.

Barclays developers, technical and trade support personnel⁶ and Ocean personnel tasked with supporting BARX Book will have access to all BARX Book data for the purposes of carrying out their duties. Ocean personnel possessing such access include members of Ocean Operations, Ocean Compliance, Ocean CORE Technology, Ocean Surrounding Technology and Ocean Business & Product Management.

Clients can choose to interact with BARX Book on an anonymous or disclosed basis by choosing how they access BARX Book. Clients can access BARX Book through the Barclays suite of algos or SOR, using the BARX Book Tactic, or sending a direct order through the Barclays SOR or via a direct FIX connection. The method that a client uses to access BARX Book will determine, by default, what information and when the information is available to principal desks as follows:

I. **Barclays Algos or SOR**

Executions will be visible in real time to principal desks. However, the client will remain anonymous and their order information will not be disclosed on trade date.

On T+1, executions will be visible to principal desks using individual anonymized masked IDs for each client. Anonymized order data will also be available on T+1 aggregated by symbol, side, price, and order type broken out by time buckets. Clients can opt out of T+1 disclosures on executions or orders.

II. **BARX Book Tactic**

Client ID, execution and order details will be disclosed in real time to principal desks by default. Clients may request to send BARX Book Tactic orders anonymously; in which case, the execution and order details will be disclosed in real time, but the client ID will remain anonymous. Use of the ALIOC order type in the BARX Book Tactic will always result in client ID, order and execution details being disclosed to the principal desks in real time.

III. **Directed Order through Barclays SOR or via a Direct FIX Connection**

Client ID, execution and order details will be disclosed in real time to principal desks by default. Clients may request to have the ability to send directed orders to BARX Book through the SOR anonymously; in which case, the execution and order details will be disclosed in real time, but the client ID will remain anonymous.

Please contact your sales and trading representative to request any changes to your anonymity settings.

⁶ Barclays personnel described herein must be authorized, and may be employees of Barclays Capital Inc. or one of its affiliates.

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