

# CapComm FAQs

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## 1. What is CapComm?

CapComm refers to automated capital commitment features available through certain Barclays algorithmic and smart order routing strategies. Once the pre-determined execution threshold, the facilitation threshold, is reached and certain order conditions are met, the remainder of the order is facilitated by Barclays.

## 2. What are the different types of CapComm available?

- *Parent CapComm* – facilitates the remaining portion of an algorithm parent order, in a single fill, once the pre-determined facilitation threshold is crossed (typically 70% of the entire order in shares).
- *Child CapComm* – facilitates algo slices that intend to take liquidity at the far touch once the pre-determined facilitation threshold is crossed (typically 40% of the parent order in shares).<sup>1</sup>
- *Portfolio CapComm* – facilitates the remaining portion of a portfolio of orders once the portfolio's pre-determined facilitation threshold is crossed (typically 70% of the portfolio order in notional value).
- *Direct to Capital* ("DTC") via Barclays' smart order router – facilitates the entire order in a single fill, once pre-determined facilitation criteria are met; criteria include but are not limited to: order size, order notional, or percentage of NBBO display size.

## 3. What happens to the CapComm facilitated position?

CapComm facilitation fills are incorporated into books which reside within the High-Touch Trading Desks<sup>2</sup> and are managed by the Systematic Principal Liquidity group (SPL Group) after your parent algo order enabled for CapComm is either completed or cancelled.

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<sup>1</sup> Please speak with your Barclays sales representative to learn about the new default facilitation pricing.

<sup>2</sup> The High-Touch Trading Desks includes the Cash trading desk (including sales traders that sit within the aggregation unit), Flow Volatility trading desk, which includes the Systematic Principal Liquidity Group, 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.

**4. Can my orders be impacted by other principal or client activity executed by Barclays?**

Yes. Other principal or client activity executed by Barclays in the same securities or related instruments may impact the benchmark and your execution price.

**5. How do I enable CapComm for my electronic orders?**

Barclays reserves the right to offer a client CapComm at its discretion. Access to CapComm for electronic clients requires the client to specifically request to be enabled through their Barclays Sales Representative. Clients for whom the CapComm features are made available may enable the feature as a default setting for all orders or on an order-by-order basis.

**6. Can Barclays' personnel utilize CapComm for my orders?**

Barclays' trading desks (including High-Touch Trading Desks and the Program Trading Desk) and sales desks (including High Touch and Programs) may utilize Barclays' smart order router and/or various execution algorithms to fulfil your order, including algorithms that employ CapComm to source liquidity at its discretion. If you prefer that Barclays does not employ CapComm on your behalf, please notify your Barclays Sales representative.

**7. Is CapComm customizable?**

Yes. Facilitation threshold, and where within or at the National Best Bid or Offer (NBB0) orders are eligible to be executed, may be customizable. Barclays reserves the right to offer customization at its discretion.

**8. Can I make adjustments to my order until the point when facilitation takes place?**

Yes. Clients can alter a number of parameters during an algorithmic trade before facilitation takes place, including cancelling the CapComm feature. Parameters that can be amended include: quantity, limit price, urgency and percent of volume. Quantity amend might result in CapComm feature being disabled for the amended order.

**9. What CapComm order and execution information is available to Barclays' SPL group and Sales and Trading personnel?**

For orders placed directly by clients using Barclays suite of algorithms and SOR through the Electronic Trading Desk

- Barclays electronic trading coverage desk will have intraday and post trade visibility as it does with all algorithm and SOR orders sent to Barclays directly from clients.
- On trade date the SPL group will not have any client identification or parent order information.
- On trade date the SPL group will only have visibility into the positions that were filled principally after the client's order is complete.
- On T+1 the client's identity and their parent order information will remain anonymous to the SPL group.
- On T+1 only the orders executed by the SPL group will be identifiable by the SPL group as executions that originated from an algorithm or SOR that was placed directly by a client through Barclays electronic trading desk.
- Other than the SPL group, neither the Cash Trading Desks nor the Program Trading Desk will have any pre or post trade visibility of these orders.

#### For orders sent by clients to Barclays High Touch Desks

- Barclays' High-Touch Trading Desks, other than the SPL Group, or the Program Trading Desk, and the covering sales traders, will have intraday post-trade visibility of the orders and executions they have received when using algorithms and SOR with CapComm enabled
- On trade date the SPL Group does not have any client identification or parent order information and will only have visibility into the positions that were filled principally after the order is complete.
- On T+1, order related data will be visible to the SPL Group along with actual client ID for each client where Cap Comm triggered

In addition, for internal risk management purposes, management can receive intraday alerts regarding the gross risk exposure as a result of a CapComm facilitation. The alerts include the aggregated notional value of buy and sell executions, as well as the aggregated notional value of unexecuted CapComm orders. Information as to price, order quantity, side, symbol or client is not provided.

Certain other employees may have visibility into order related data on an as needed basis. Please refer to Equities Electronic Order Handling FAQs available at [barx.com/eqdisclosures](http://barx.com/eqdisclosures) for further information on confidentiality of client information.

#### 10. Once the pre-determined facilitation threshold is reached or criteria are met, are there any conditions where the CapComm feature would not be available?

Under certain conditions, client orders will not receive CapComm executions and will continue to work through the algorithm and/or smart order router as per usual. These conditions include, but are not limited to:

- The order achieves the facilitation threshold (or meets the criteria) during market hours when CapComm is not available (before 9:40am or after 3:50pm).<sup>3</sup>
- The price test under Rule 201 of Regulation SHO would be violated for the security if the facilitation were to take place.
- Barclays is restricted in the security.
- The order exceeds Barclays' per order risk limits (See FAQ 11).
- Barclays has exceeded its internal risk limits.
- The limit price is not marketable when the CapComm threshold is crossed.<sup>4</sup>
- NBBO is locked or crossed.

In addition, Barclays at its discretion and as part of ongoing risk management, reserves the right to not offer capital commitment during trading hours. The decision to disable CapComm feature can apply holistically across all securities or on a name-by-name basis.

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<sup>3</sup> This facilitation start and stop times can be customizable on a per-client basis. Barclays reserves the right to offer customization at its discretion.

<sup>4</sup> If the limit price is not marketable when the CapComm threshold is crossed, Single Stock Algo CapComm will attempt to facilitate the remainder of the order if and when the stock becomes marketable. If the limit price of a particular stock in a basket being traded by Portfolio Target Strike is not marketable once the CapComm threshold is crossed, that stock will not be facilitated by CapComm and will continue to trade as per the algo's logic for the duration of the trade.

#### **11. What are Barclays per order risk limits?**

An order will not receive automatic facilitation if the order exceeds Barclays' per order risk limits. The order must not be:

- Greater than 15% of the 20-day ADV; or
- Over \$50 million in notional value; or
- Greater than 1 million shares.

Please contact your Barclays Sales Representative for more details on CapComm and a full list of supporting algorithms at 212-526-1130 or [est@barclays.com](mailto:est@barclays.com).

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