

# 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?

- *ParentCapComm* – facilitates the remaining portion of an algorithm 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 or to seek liquidity at the midpoint, once the pre-determined Facilitation Threshold is crossed (typically 50% of the parent order in shares)
- *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, within the NBBO 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 a Central Risk Book which resides within the High-Touch Trading Desks. In order to provide you with liquidity and to effectively manage our risk, the High-Touch Trading Desks may trade principally at the same time and at the same price level that we may be handling your orders. Barclays will trade alongside your order in these instances for the purposes of hedging or liquidating risk. Please note, other principal or client activity executed by Barclays in the same securities or related instruments may impact the benchmark and your execution price.

**4. 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 or through SPECS<sup>1</sup>. Note: Clients domiciled overseas are not eligible for CapComm when trading US equities. 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<sup>2</sup>.

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

Barclays' trading desks (including High-Touch Trading Desks and the Program Trading Desk)<sup>3</sup> and sales desks (including High Touch, programs, and electronic) may utilize Barclays' smart order router and/or various execution algorithms to fulfill your order, including algorithms that employ CapComm to source liquidity<sup>4</sup> at its discretion. Barclays' trading desks are not able to use CapComm on behalf of clients domiciled overseas. If you prefer that Barclays does not employ CapComm on your behalf, please notify your Barclays Sales representative.

**6. Is CapComm customizable?**

Certain parameters such as Facilitation Threshold, price and commission rate for CapComm orders may be customizable on a per-client basis. Barclays reserves the right to offer customization at its discretion.

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

Clients can alter a number of parameters during an algorithmic trade before facilitation takes place, including canceling the CapComm feature. Alterable parameters include: quantity (only for share increases), limit price, urgency and percent of volume.

**8. On the DTC or algorithmic order with CapComm enabled, what information does the High-Touch Trading Desk have prior to facilitation?**

Unless the algorithmic order was entered by the High-Touch Trading Desks, they will have no information about that specific order prior to facilitation.

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<sup>1</sup> SPECS is an online portal that allows clients to view and modify their order handling settings. For more information on SPECS please contact your Barclays Sales Representative

<sup>2</sup> Note: To enable CapComm on an order-by-order basis, a client's order management system must be integrated with Barclays' algorithm FIX Specification.

<sup>3</sup> The High-Touch Trading Desks includes the Cash trading desk (including sales traders that sit within the aggregation unit), Flow Volatility trading desk, Exchange Traded Funds trading desk, EFS Solutions 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.

<sup>4</sup> This does not include Child CapComm. Sales and Trading can only utilize Child CapComm on your behalf if you have specifically requested it and have been enabled. Note, once you have requested to be enabled for Child CapComm either for electronic trading or for high touch trading, Sales and Trading Desks will be able to utilize Child CapComm on your behalf.

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

For algorithmic orders that were placed by a Barclays High-Touch Trading Desk:

- Barclays High-Touch Trading Desks and the covering sales traders will have intraday post-trade visibility of the orders and executions.

For electronic orders placed by clients, by a Barclays sales trader, or by the Program Trading Desk:

- The covering sales traders will have intraday post-trade visibility of the order and execution;
- Barclays High-Touch Trading Desks do not have visibility of these electronic orders, unless a client authorizes such visibility;
- However, Barclays High-Touch Trading Desks have the ability to see each facilitated fill intraday which includes quantity, price, side and symbol (including individual facilitations of Child CapComm while the parent order may still be working); they cannot see the client name or the original order size.

In addition, for internal risk purposes, personnel managing the Central Risk Book as well as Equities management receive intraday alerts regarding the Central Risk Book's gross risk exposure as a result of 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.

By default, on a T+1 basis, information on the orders and the corresponding liquidation cost is available (e.g., on a per client, non-aggregated basis) to personnel managing the Central Risk Book and Equities management. These reports will include trade level details such as the quantity, symbol, price and side of the facilitated order as well as the Client name, algorithmic strategy, trading account, CapComm type (See FAQ 2), and the name of the main covering sales trader for the Client. The reports do not include details regarding the client's trading unrelated to the usage of CapComm. These activity reports will allow the members of the High-Touch Trading Desks that manage the Central Risk Book as well as members of Equities management to monitor client usage and make decisions regarding further capital provision.

**10. Once the pre-determined execution 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 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>5</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>6</sup>;
- NBBO is locked or crossed.

**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.

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<sup>5</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>6</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.

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