



U.S. Department of Justice

Criminal Division

*Fraud Section
1400 New York Avenue, NW
Washington, DC 20005*

February 28, 2018

Alexander J. Willscher
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004

Joel S. Green
Wilmer Cutler Pickering Hale and Dorr LLP
1875 Pennsylvania Avenue, NW
Washington, DC 20006

Dear Messrs. Willscher and Green:

The Department of Justice, Criminal Division, Fraud Section (the "Department") is closing its investigation of your client, Barclays PLC ("Barclays"), a publicly traded corporation headquartered in London, United Kingdom, concerning frontrunning of foreign exchange ("FX") transactions connected to the Hewlett-Packard Company ("HP") from August to October 2011.

The Department's investigation found that Barclays, through its employees and agents, misappropriated confidential information provided to Barclays by HP in regard to FX options and spot transactions, and deceived HP about the nature of its trading, in violation of duties to HP, as described in the indictment returned in *United States v. Bogucki*, 18-CR-00021 (N.D. Cal.). Specifically, Barclays FX traders (1) traded ahead of large HP spot and options purchases in August 2011, increasing the price that HP paid to Barclays; (2) manipulated the "Bloomberg fix" by purchasing British pounds in a manner which increased the profits of individual Barclays traders; (3) traded ahead of HP's "unwind" of options in September and October 2011, decreasing the price that HP ultimately received from Barclays; and (4) actively deceived HP about the causes of market movements during this period.

The Department's decision to close its investigation of this matter is based on a number of factors, including but not limited to: (1) Barclays' timely, voluntary self-disclosure of the matters described above; (2) Barclays' thorough and comprehensive investigation; (3) Barclays' full cooperation in this matter (including its provision of all known relevant facts about the individuals involved in or responsible for the misconduct); (4) the steps Barclays has taken and continues to take to enhance its compliance program; (5) Barclays' full remediation, including its agreement to provide full restitution to HP and disgorge any ill-gotten gains; and (6) Barclays' agreement to continue to cooperate with the Department in this or any related matters pursuant to paragraph 17 of Barclays' Plea Agreement with the Department dated May 20, 2015.

Pursuant to this letter agreement, and to the extent that such policies and procedures are not already in place, Barclays will promulgate compliance policies and procedures designed to reduce the prospect of violations of U.S. federal law concerning fraud and market manipulation and violations of Barclays' compliance code within Barclays' FX business, and Barclays will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of U.S. federal law concerning fraud and market manipulation by personnel at all levels of Barclays' FX business. These policies and procedures shall apply to all directors, officers, and employees within Barclays' FX business. Barclays shall notify all current employees within Barclays' FX business that compliance with the policies and procedures is the duty of individuals at all levels of Barclays, its affiliates, and subsidiaries. Such policies and procedures shall:

- a. address the treatment of confidential client information directly relating to contemplated, potential, or actual orders, or transactions in situations where Barclays or its employees have agreed to confidentiality obligations with clients or potential clients ("Confidential Business Information"), including, with respect to Barclays' FX business: (i) maintaining documentation sufficient to prove that each Barclays employee responsible for handling Confidential Business Information was informed, at or before the time the employee is handling the Information, of Barclays' obligations relating to the client's Confidential Business Information; and (ii) the retention and maintenance of Barclays documents and information related to Confidential Business Information, including e-mails, audio files, and client agreements in a manner consistent with Barclays' retention policies and designed to be readily accessible in response to internal and external requests;
- b. address appropriate conduct in responding to potential conflicts of interest with clients that place orders for execution by Barclays, including procedures for the timing of the execution of client orders; and
- c. reasonably ensure that current employees within Barclays' FX business are aware of this Agreement, and Barclays' obligations contained herein.

Pursuant to this letter agreement, Barclays agrees to pay \$12,896,011 USD in combined restitution and disgorgement (the "Disgorgement Amount") to the U.S. Treasury. The Disgorgement Amount shall be offset by any amount that Barclays pays to HP as restitution for the offense conduct described above (the "Restitution Amount"). Barclays shall pay the Disgorgement Amount no later than ninety days after the execution of this letter agreement (or any period thereafter that is mutually agreeable to both Barclays and the Fraud Section), pursuant to payment instructions provided by the Fraud Section. In the event that the Disgorgement Amount exceeds the Restitution Amount, the remaining funds shall be retained by the U.S. Treasury. The Disgorgement Amount has been determined by the Fraud Section to be the full amount of restitution and disgorgement owed by Barclays, including disgorgement of certain of Barclays' profits from the conduct at issue, and the Fraud Section agrees to not seek further disgorgement from Barclays relating to the HP transaction. Barclays acknowledges that no tax deduction may be sought in connection with any part of its payment of the Disgorgement Amount. Barclays further agrees that it will not seek or accept direct or indirect reimbursement or indemnification from any source with regard to the Disgorgement Amount.

This letter agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with Barclays. If the Department learns information that changes its assessment of any of the factors outlined above, it may reopen its inquiry.

Sincerely,



Benjamin D. Singer, Chief
Brian R. Young, Assistant Chief
Justin D. Weitz, Trial Attorney
Securities and Financial Fraud Unit
Fraud Section

Barclays agrees and consents to the facts and conditions set forth herein:

Date: 2-28-18

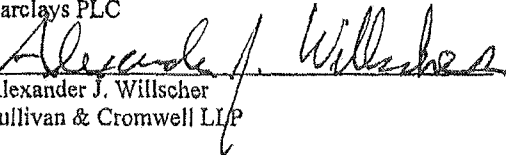
BY:



Matthew S. Fitzwater
Global Head of Litigation, Investigations and
Enforcement
Barclays PLC

Date: Feb. 28, 2018

BY:



Alexander J. Willscher
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Joel S. Green
Wilmer Cutler Pickering Hale and Dorr LLP
Counsel for Barclays PLC