

May 2015

A Message to Barclays PLC's Wholesale Spot Foreign Exchange Clients

As for our practices today and going forward, we ask that you read this letter because it sets forth our standard terms of spot FX dealing generally with our clients (together with other market participants, "counterparties") in principal to principal transactions in the wholesale spot FX markets (as well as when you act as agent for another principal). It sets forth how we will communicate and transact in relation to requests for quotes, requests for indicative prices, discussion or placement of orders and all other expressions of interests that may lead to the execution of transactions and our management of potential or actual conflicts of interest in our principal dealing and market making activities. With regard to communications, Barclays has done an extensive amount of work on its culture over the past year and a half, including with respect to the importance of acting with integrity in everything we do. Whether on an open telephone line or otherwise, we are committed to maintaining the highest standards of integrity, being honest and doing the right thing in every circumstance.

Barclays and its affiliates are part of the Barclays group. The Barclays group is a global financial services firm and provides a wide range of financial services and products. Because of the nature of our business, you also may have relationships with other divisions of Barclays and members of the Barclays group. Notwithstanding the existence of such relationships, the relationship between Barclays and you relating to wholesale FX spot transactions is as described in this letter.

Barclays is a dealer and market maker in the wholesale spot FX market. As such, Barclays engages in price quoting, order taking, trade execution and other related activities. Unless otherwise agreed, Barclays engages in these transactions as principal for the benefit of Barclays. In that capacity, Barclays does not act as agent, fiduciary or financial advisor or in any similar capacity on behalf of its counterparties. Barclays is dedicated to upholding a high level of integrity and adhering to best practices and requirements published by relevant international groups and regulatory bodies in our dealings with counterparties. Nonetheless, Barclays and its counterparties may have divergent or conflicting interests.

To the extent that you continue to discuss and/or enter into spot FX transactions with us, and unless otherwise explicitly agreed between Barclays and you or otherwise required by law or regulation, it will be on the basis of the terms disclosed in this letter. For the avoidance of doubt, however, this letter is not intended to exclude any mandatory obligations that we owe you under any applicable law or regulation (the terms of such obligations may vary depending on the precise nature of your relationship with us and the jurisdiction(s) in which such relationship is maintained).

Principal Trading

- When Barclays acts in a principal capacity, we act as an arm's-length party to transactions with our counterparties. Barclays does not act as agent, fiduciary, financial advisor or in any similar capacity on behalf of a counterparty and thus does not undertake any of the duties that an entity acting in that capacity ordinarily would perform, unless otherwise explicitly agreed between Barclays and the counterparty, and then only where we act with discretion in execution. Barclays' sales and trading personnel and FX electronic solutions do not serve as brokers or agents to a counterparty. Barclays will be truthful in its statements about any facts but its statements should not be construed as recommendations. A counterparty is expected to evaluate the appropriateness of any transaction based on the counterparty's own facts and circumstances and its assessment of the transaction's merits.

- When Barclays accepts a counterparty's order that includes a price (such as a limit order), Barclays is indicating a willingness to attempt to complete the trade at the price requested by the counterparty. Unless otherwise specifically agreed, Barclays will exercise its reasonable discretion in deciding, which orders to execute, when to execute them, and how to execute them, including whether to execute all or part of the order unless otherwise expressly agreed. Barclays' acceptance of an order from a counterparty commits Barclays to execute the order, in part or in full and at a price, as may be reasonably expected given market circumstance, as determined by Barclays in its discretion. Barclays' determination that an order has been filled will create a contract for the exchange of currency under the determined terms, consistent with the order received. The order may be cancelled by either party before the execution of such order commences.
- As it relates to timing, Barclays may look for market opportunities that satisfy both a price where we can execute a counterparty's order at the counterparty's price and earn a reasonable return for that activity, including while managing and prioritizing other interests, positions and executions for Barclays and other counterparties. When Barclays is willing to execute an order with a counterparty, the price at which Barclays would do so may include a markup over the price at which Barclays transacted, or may have been able to transact, with other counterparties.

Market Making

- As a market maker that manages a portfolio of positions for multiple counterparties' competing interests, Barclays acts as principal and may trade prior to or alongside a counterparty's transaction to execute transactions for Barclays or to facilitate executions with other counterparties, to manage risk, to source liquidity or for other reasons. These activities can have an impact on the prices we offer a counterparty on a transaction and the availability of liquidity at levels necessary to execute counterparty orders. They also can trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions. In conducting these activities, Barclays' endeavors to employ reasonably designed means to avoid undue market impact.
- In addition, as a market maker, Barclays may receive requests for quotations and multiple orders for the same or related currency pairs. Barclays acts as principal and may seek to satisfy the requests of all of its counterparties and its independent risk management objectives, but it retains discretion with respect to how to satisfy its counterparties, including with respect to order execution, aggregation, priority and pricing. Barclays is not required to disclose to a counterparty when the counterparty attempts to leave an order that Barclays is handling other counterparties' orders or Barclays orders ahead of, or at the same time as, or on an aggregated basis with, the counterparty's order. Barclays is under no obligation to disclose to a counterparty why Barclays is unable to execute the counterparty's order in whole or in part, provided that Barclays will be truthful if we agree to disclose such information.
- Unless otherwise agreed, any firm or indicative price quoted by Barclays to a counterparty is an "all-in" price, inclusive of any mark-up above the price at which Barclays may be able to transact, or has transacted, with other counterparties, regardless of the circumstances under which a counterparty receives or overhears a price. Barclays' sales and trading personnel are not obligated to disclose the amount of revenue Barclays expects to earn from a transaction, nor are they required to disclose the components of Barclays' all-in price. While we do not have any duties to disclose to a counterparty any mark-up included in the order price, we will be truthful with the counterparty if we make a disclosure about whether and how much mark-up is included in the price.
- If and when a counterparty's order can be executed at the order price, it does not mean that Barclays held, acquired, or would acquire, inventory to complete the transaction at the order price

level or that there exists a tradable market at that level. As principal, Barclays always attempts to execute an order to make an appropriate return on the transaction if possible, taking into account Barclays' position, including its inventory strategy and overall risk management strategies, its costs, its risks, and other business factors and objectives in Barclays' discretion.

- When solicited for, and prior to the execution of, a transaction, Barclays may risk-mitigate or hedge any exposure that would be created by such transaction.
- Barclays has discretion to offer different prices to different counterparties for the same or substantially similar transactions.
- It should be expected that Barclays' sales, trading and other personnel will consult, including with respect to a counterparty's interests, trading behavior and expectations, mark-up, spread, and any other relevant factors, on a need to know basis in order to manage Barclays' market-making positions, and for the benefit of Barclays' trading positions and the handling of other counterparty transactions.

Information Handling

- Protecting the confidentiality and security of counterparty information is an important part of how we do business. Barclays has policies and controls that are designed to protect a counterparty's confidential information. However, a counterparty should understand that Barclays makes use of information provided to it as principal in order to effectuate and risk manage transactions. Specifically, unless otherwise agreed, Barclays may use the economic terms of a transaction (but not the counterparty identity) in order to source liquidity and/or execute risk-mitigating transactions. In addition, as part of its obligations as a regulated entity, Barclays may also share counterparty information as required by its global regulators.
- With regard to executed transactions, Barclays analyzes this information on an individual and aggregate basis for a variety of purposes, including counterparty risk management, sales coverage, and counterparty relationship management.
- We also may analyze, comment on, and disclose anonymized, aggregated and appropriately non-specific information regarding orders and executed transactions (with the exception of orders and transactions containing material, non-public information), together with other relevant market information, internally and to third parties, as market color.

Barclays Standards Around Wholesale Spot Foreign Exchange Activities

Barclays would like to make clear with regards to the historical practices outlined in the Disclosure Notice that we have specific policies and procedures that address them, there is regular and specific training on these policies and procedures for relevant staff, there is active management oversight and regular monitoring of conflicts of interest, and there are clear escalation and resolution channels should evidence of a breach be identified.

Furthermore, these (and other) policies and procedures have been written with the intention of addressing the conflicts of interest inherent in principal trading relationships, understanding the interests of our clients and managing our business towards an acceptable return. Our efforts have broadly focused on the following, but non-exhaustive categories:

- Conflicts of interest in order handling and specific guidelines to manage and monitor order-handling.
- Handling of order filling in a fair, timely and complete manner, with increased anonymity for clients.
- Segregating FX spot benchmark orders from voice trading and the introduction of algorithmic execution policies.
- Specific FX guidelines on appropriate distribution of market color internally and externally.
- Adequate monitoring and testing to ensure compliance with order handling policies and procedures.

These policies and procedures are reinforced internally with regular specific training and review, and we are active in industry forums that are seeking to implement higher standards in the wholesale spot FX markets, and other markets.

If you have questions after reading this letter or concerning Barclays' dealings with you, we encourage you to contact your senior Barclays representative. This letter is also available at <http://www.barclays.com/important-information.html> and may be updated from time to time, in order to address changing regulatory, industry and other developments.