

# Investment Bank of Barclays Bank PLC – Wholesale Foreign Exchange Disclosure

May 2022

This disclosure sets forth the standard terms of the Investment Bank of Barclays Bank PLC (Barclays, we, our or us) for FX dealing with our clients in principal to principal transactions in the wholesale FX markets (such clients together with other market participants, counterparties). 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 interest that may lead to the execution of transactions and how we manage potential or actual conflicts of interest in our principal dealing and market making activities.

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. Due to the nature of our business, you may also 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 transactions is as described in this disclosure.

Unless otherwise agreed, to the extent that you continue to discuss and/or enter into FX transactions with us it will be on the basis of the terms disclosed here. Where there is any inconsistency between terms of business or product-specific agreements in place between you and us (Other Terms) and this disclosure, the Other Terms shall prevail. For the avoidance of doubt, this disclosure is not intended to exclude any mandatory obligations that we owe you under any applicable law or regulation.

Barclays is a dealer and market maker in the wholesale 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 and acts as an arm's-length party to transactions with its counterparties. In that capacity, Barclays does not act as agent, fiduciary or financial advisor or in any similar capacity. Barclays is dedicated to upholding a high level of integrity and adhering to best practices and requirements published by relevant industry groups and regulatory bodies. Nonetheless, Barclays and its counterparties may have divergent or conflicting interests.

## Market making

As a market maker 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 and the availability of liquidity at levels necessary to execute counterparty orders. They can also trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions. However, in conducting these activities, Barclays endeavours to execute transactions in a reasonable way so as to minimise market impact.

## Pre-hedging and Hedging

Barclays transacts and makes markets in multiple financial products and instruments. Unless otherwise expressly agreed or provided for in other applicable Barclays disclosures or required by law or regulation, Barclays conducts these activities as principal. When Barclays executes its principal transactions with you it does so as an arm's length counterparty and not as an agent. Barclays does not act as a fiduciary or financial advisor, or in any similar capacity, on your behalf in relation to these transactions. When you provide Barclays with specific information for the purpose of obtaining a quote or request Barclays to enter into a transaction as your counterparty, such information, along with all other information available to Barclays, may (subject to applicable law) be used by Barclays to engage in its trading, market making and risk management activities, including pre-hedging and hedging activities, without further disclosure to you. Any pre-hedging or hedging transactions will be entered into with a view to managing risk and facilitating your transaction and may be executed before, during and after receiving a live pricing request or firm order from you. Any pre-hedging and hedging transactions entered into by Barclays could be at different prices from the price at which Barclays executes

your transaction, may affect the market prices or rates of, or liquidity for, the financial products or instruments you are buying or selling which may result in profit or loss to Barclays.

## Pricing

Unless we have informed you otherwise, any price quoted by Barclays to a counterparty is an all-in price, inclusive of any mark-up, and may be different to the price at which Barclays may be able to transact, or has transacted, with other counterparties. Prices quoted by Barclays should be considered indicative unless you have been informed the price is firm. Barclays pricing is counterparty-specific and determined by Barclays in its discretion by taking into account factors and pricing inputs Barclays deems appropriate including, but not limited to, the nature of the transaction, the relationship between the counterparty and Barclays and the market conditions prevailing at the time pricing is determined. As such, different prices may be offered to different counterparties for the same or substantially similar transactions. Mark-up may be applied to certain transactions, impacting the final all-in price. Factors that can contribute to the final all-in price can include the specific nature of the transaction, the platform and/or channel through which the order is placed (voice or electronic), the nature of the relationship between the counterparty and Barclays, as well as any relevant costs including, but not limited to, credit, funding, capital charges, and profits. Specific mark-up queries can be directed to your Barclays representative. Mark-up applied to orders linked to or triggered at a specified price level may impact the pricing and/or execution of such orders, potentially causing an order not to be filled at the specified level. Upon counterparty request, Barclays will disclose to counterparties if the addition of mark-up affected order execution.

If and when a counterparty's order is executed at the price level requested by the counterparty, it does not mean that Barclays held or acquired inventory to complete the transaction at the price level requested by the counterparty or that there exists an observable tradable market at that level. As principal, Barclays always attempts to execute an order to make an appropriate return on the transaction, taking into account Barclays' position, including its inventory strategy and overall risk management strategies, its costs, its risks, and other business factors and objectives at Barclays' discretion. Where Barclays determines reference prices in connection with a transaction and/or order, it will do so in good faith and a commercially reasonable manner. For certain products, reference prices may include third party sources. All prices quoted on the BARX FX platform (BARX) are indicative. For a given currency pair and amount, BARX produces a counterparty-specific price, which indicates the price at which Barclays is willing to execute that trade as principal with that counterparty, and may include mark-up (BARX Pricing). BARX Pricing may vary according to specific market conditions, including current or anticipated market volatility, and may be adjusted according to the BARX internal risk position. For additional information regarding BARX FX pricing, including mark-up and the use of the Last Look functionality, please refer to the [BARX FX Order Handling Guide](#) and the [Last Look Disclosure](#).

## Order execution

Unless otherwise agreed, Barclays will exercise its discretion in deciding which orders to execute, when to execute them, and how to execute them, including whether to execute all or part of an order. Discretion on the part of Barclays, including whether to time prioritise or aggregate an order, will be informed by factors including, but not limited to, the order type and general market conditions.

- **Voice orders** will be executed as part of normal market activity at Barclays' discretion and may be aggregated. An order may be aggregated with one or more orders from other counterparties and/or with transactions for Barclays' own account. Where Barclays aggregates orders, it will only do so where it believes that it is unlikely this will work to the overall disadvantage of any of the counterparties whose orders are aggregated, but it is possible that such aggregation may work to a counterparty's disadvantage in certain circumstances
- **Electronic orders** may be placed for execution on BARX through a number of order execution channels. For further information on BARX, including information on how electronic orders placed on BARX are accepted and executed, as well as a description certain order types available to clients on BARX, please refer to the [BARX FX Order Handling Guide](#).

Barclays will make a decision as to whether and how to fill an order, including partial fills, and communicate that decision to the counterparty as soon as practicable. Such communication may occur after the order has been executed. Barclays' decision to fully fill an order will depend upon its ability to do so within the parameters specified by the counterparty and upon the appropriateness of a full fill given market levels and prevailing market conditions at the relevant time. Further, Barclays' decision to fully fill a counterparty's order will be subject to factors such as the need to prioritise among orders, the availability of the counterparty's credit line at the time, and, in the case of BARX FX transactions, the liquidity available on BARX.

When a counterparty gives Barclays specific execution instructions for an order, they will be followed, except where to do so would be inconsistent with firm policies and procedures, and the order will be executed in a reasonable way with the aim of minimising market impact. When Barclays accepts an order that includes a price level (such as a limit order), Barclays is indicating a willingness to attempt to complete the trade at the price level requested by the counterparty. Barclays may engage in hedging activity close to an order price level, which could cause, or increase the likelihood of causing, a trigger event to occur or not to occur.

Barclays has time-stamping policies in place for all order types, which include the requirement to time stamp upon acceptance and execution of an order. Voice order time stamps are applied manually when Barclays enters the order and upon execution. Electronic orders via the BARX FX system are automatically time stamped upon order entry and execution.

Barclays keep records of orders and transactions that have been accepted and triggered/executed and, upon counterparty request, Barclays can provide the reason behind the rejection of an electronic trade request or an order.

Barclays operates on a principal basis and as such it is understood by counterparties that market risk transfer occurs when Barclays has communicated that the order has been filled, including instances of partial fills. For transactions resulting from a Request For Quote (RFQ), market risk will transfer at the point at which Barclays and the counterparty have agreed to the transaction.

## Voice orders

The following is a non-exhaustive list of FX voice order types accepted by Barclays:

### FX Spot and NDF

- **At Best Orders** – An order to obtain the best price(s) available in the relevant market for the currency pair and size within a reasonable time period of the order being left with Barclays, taking into account instructions and market conditions
- **Take Profit** – An order to buy at or below or sell at or above a pre-specified price in the relevant market for the currency pair and size. Execution of the order will occur only if the specified price is reached
- **Stop Loss** – An order to sell at or below or buy at or above a pre-specified price in the relevant market for the currency pair and size. Execution of the order will occur only if the specified price is reached
- **Benchmark Orders (Fixing Order)** – An order whereby the counterparty requests for a spot or NDF transaction to be executed at a level related to a benchmark/fixing.

### FX Forwards

- **FX Forward Limit Order** – An order whereby a counterparty requests that a forward position be entered into once a prespecified forward level has been reached.

### FX Options

- **Spot Based Order** – An order whereby the counterparty requests that an option position be entered into once a pre-specified spot level has been reached
- **Price Target Orders** – A take profit order whereby the counterparty requests that an option position be entered into once a pre-determined option premium has been reached
- **Benchmark Order (Fixing Order)** – An order whereby the counterparty requests that an option position be entered into at a level related to a benchmark/fixing
- **Volatility Based Order** – A take profit order whereby the counterparty requests that an option position be entered into once a pre-specified market implied volatility level has been reached.

## Electronic orders and considerations

For a non-exhaustive list of electronic order types accepted by Barclays, please refer to the [BARX FX Order Handling Guide](#)

## Last Look

At Barclays, Last Look is a form of economic check logic that is used to identify whether trade requests are made at prices that are within Barclays' price tolerance for execution. This control is intended to be applied immediately upon receipt of a submitted trade request. When applied, the refreshed price is compared to the trade request price. If the refreshed price has not moved in either direction from the trade request price by more than a defined price tolerance, Barclays will accept the trade request. If the refreshed price differs from the trade request price by more than the relevant price tolerance, Barclays will reject the trade request. The receipt of a trade request as well as any information associated with a trade request does not influence any pricing or hedging activity undertaken by Barclays prior to the acceptance of the trade request. If a trade request is rejected, whether as a result of Last Look or otherwise, no information associated with the trade request is used to influence any pricing or hedging activity subsequently undertaken by Barclays. For more information regarding Barclays' use of Last Look, please refer to the [Barclays Last Look Disclosure](#).

## 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. In addition, as part of its obligations as a regulated entity, Barclays may also share counterparty information as required by its legal and regulatory requirements. With regard to executed transactions, Barclays analyses this information on an individual and aggregate basis for a variety of purposes, including

counterparty risk management and sales relationship management.

We may also analyse, comment on, and disclose anonymised, aggregated and appropriately non-specific information regarding executed transactions (with the exception of transactions containing material, non-public information), together with other relevant market information, internally and to third parties. Internally, order information will be shared between different desks and functions only on a need-to-know basis to ensure that the order is executed appropriately.

## Barclays Standards around wholesale Foreign Exchange activities

Barclays has specific policies and procedures addressing the conflicts of interest inherent in principal trading relationships, understanding the interests of our counterparties and managing our business towards an acceptable return. In this regard, amongst other matters, our policies and procedures address:

- 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
- Appropriate order pricing and mark-up application
- Segregating FX Spot benchmark orders from voice trading
- Specific algorithmic execution policies
- Specific FX guidelines on appropriate distribution of market colour internally and externally
- Risk based monitoring and testing to ensure compliance with order handling policies and procedures
- The mandatory use of authorised internal and approved external communication systems for all communication related to FX dealing.

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 FX markets and other markets. Further, 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.

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