

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 20060048215-01**

TO: Department of Market Regulation  
Financial Industry Regulatory Authority ("FINRA")

RE: Citigroup Global Markets Inc., Respondent  
Broker-Dealer  
CRD No. 7059

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Citigroup Global Markets Inc. (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

**BACKGROUND**

The firm has been a member of FINRA since October 16, 1936, and its registration remains in effect.

**RELEVANT DISCIPLINARY HISTORY**

The firm has the following prior relevant disciplinary history:

- On January 30, 2005, FINRA accepted an AWC in which the firm was censured, ordered to pay restitution, and fined \$107,500 for violations of NASD Rules 2110, 2320, 3350, 3360, 4632(d), 4642(d), 5430(a) and 6130(d), and SEC Rules 10b-10 and 11Ac1-4 (now SEC Rule 604 of Regulation NMS).

20060048215 (includes 20070080627, 20070091020, 20070112002, 20070110883, 20080132125, 20080145548, 20060060287, 20070082978, 20070113286, 20070113291, 20060060788, 20070091929, 20060063727, 20070092865, and 20080141303) MD

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- On January 16, 2007, FINRA accepted an AWC in which the firm was censured and fined \$42,500 for violations of NASD Rules 2110, 2320, 3010, 6420(a), 6620, 6955 and SEC Rule 10b-10 with an undertaking to revise the firm's written supervisory procedures for trade reporting in Over-the-Counter ("OTC") and Consolidated Quotation System ("CQS") securities; and for compliance with SEC Rule 10a-1.
- On June 11, 2007, FINRA accepted an AWC in which the firm was censured and fined \$87,000 for violations of NASD Rules 2110, IM-2110-2, 3010, 3340, 3370, 6130(d), 6640, and 6955(a), and SEC Rules 15c2-11, 200(g), and SEC Rule 604 of Regulation NMS.

### **FACTS AND VIOLATIVE CONDUCT**

#### **Trade Reporting And Compliance Engine:**

In Matter No. 20070080627, the staff of the Department of Market Regulation (the "staff") reviewed the firm's compliance with the Trade Reporting And Compliance Engine ("TRACE") reporting requirements during the period October 1, 2006 through December 31, 2006.

In Matter No. 20070091020, the staff reviewed the firm's compliance with TRACE reporting requirements during the period January 1, 2007 through March 31, 2007.

In Matter No. 20070112002, the staff reviewed the firm's compliance with TRACE reporting requirements for MPID SBSH during the period July 1, 2007 through September 30, 2007.

In Matter No. 20070110883, the staff reviewed the firm's compliance with TRACE reporting requirements for MPID SALB during the period July 1, 2007 through September 30, 2007.

In Matter No. 20080132125, the staff reviewed the firm's compliance with TRACE reporting requirements during the period October 1, 2007 through December 31, 2007.

In Matter No. 20080145548, the staff reviewed the firm's compliance with TRACE reporting requirements during the period April 1, 2008 through June 30, 2008.

Best Execution:

In Matter No. 20060060287, the staff reviewed the firm's compliance with NASD Rules 2110, 2111(a) and 2320 during the period April 1, 2006 through June 30, 2006.

In Matter No. 20070082978, the staff reviewed the firm's compliance with Municipal Securities Rulemaking Board ("MSRB") Rules G-17 and G-30 during the period October 1, 2006 through December 31, 2006.

In Matter No. 20070113286, the staff reviewed the firm's compliance with NASD Rules 2110 and 2320 during the period July 1, 2007 through September 30, 2007.

In Matter No. 20070113291, the staff reviewed the firm's compliance with MSRB Rules G-17 and G-30 during the period July 1, 2007 through September 30, 2007.

Trade Reporting:

In Matter No. 20060048215, the staff reviewed the firm's compliance with NASD Rule 6130(d) during the period July 1, 2005 through September 30, 2005.

In Matter No. 20060060788, the staff reviewed the firm's compliance with NASD Rule 4632(b) and 6130(d) during the periods August 17, 2005 through August 19, 2005, and January 1, 2008 through May 30, 2008.

In Matter No. 20070091929, the staff reviewed the firm's compliance with NASD Rule 4632A(c)(2) during the period November 1, 2006 through February 28, 2007.

Order Audit Trail System:

In Matter No. 20060063727, the staff reviewed the firm's compliance with Rule 604 of SEC Regulation NMS ("SEC Rule 604") and the Order Audit Trail System ("OATS") reporting requirements during the period March 1, 2006 through July 7, 2006.

In Matter 20070092865, the staff reviewed the firm's compliance with the OATS reporting requirements during the period from August 1, 2006 through December 31, 2006.

Trading and Market Making Surveillance Examination:

In Matter No. 20080141303, the staff conducted a Trading and Market Making Surveillance ("TMMS") examination in which the staff reviewed the trading activity of the firm as set forth in Exhibit 1, which is attached hereto and incorporated by reference, for trade dates August 20, 2008 through August 21, 2008, unless otherwise noted.

In connection with Matter No. 20070080627:

1. During the period reviewed, the firm failed to report to TRACE 180 transactions in TRACE-eligible securities within 15 minutes of the time of execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.

In connection with Matter No. 20070091020:

2. During the period reviewed, the firm failed to report to TRACE 95 transactions in TRACE-eligible securities within 15 minutes of the time of execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.

In connection with Matter No. 20070112002:

3. During the period reviewed, the firm failed to report to TRACE 279 transactions in TRACE-eligible securities within 15 minutes of the time of execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.

In connection with Matter No. 20070110883:

4. During the period reviewed, the firm failed to report to TRACE 100 transactions in TRACE-eligible securities within 15 minutes of the time of execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.
5. During the period reviewed, the firm failed to report to TRACE the correct time of trade execution for 100 transactions in TRACE-eligible securities.

The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(c)(8).

6. The firm failed to show the correct time of execution on the memorandum of 100 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Rule 3110.

In connection with Matter No. 20080132125:

7. During the period reviewed, the firm failed to report to TRACE 125 transactions in TRACE-eligible securities within 15 minutes of the time of execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.

In connection with Matter No. 20080145548:

8. During the period reviewed, the firm failed to report to TRACE 525 transactions in TRACE-eligible securities within 15 minutes of the time of execution. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110.

In connection with Matter No. 20060060287:

9. In 67 instances, the firm failed to execute orders fully and promptly. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2111(a).
10. In 38 of the transactions described in paragraph nine above for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit 2 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

In connection with Matter No. 20070082978:

11. During the period reviewed, in eight transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and

reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit 3 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

In connection with Matter No. 20070113286:

12. In six transactions for or with a customer, the firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit 4 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rules 2110 and 2320.

In connection with Matter No. 20070113291:

13. During the period reviewed, in five transactions, the firm purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any mark-down or mark-up) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer, or municipal securities dealer is entitled to a profit, and the total dollar amount of the transaction. The transactions are identified on Exhibit 5 which is attached. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

In connection with Matter No. 20060048215:

14. The firm failed to report to the Nasdaq Market Center the correct symbol indicating whether the transaction was a buy, sell, sell short, or cross for 50 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(d).

In connection with Matter No. 20060060788:

15. The firm failed to report to the Nasdaq Market Center 16 last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(b).
16. The firm failed to report to the FINRA/Nasdaq Trade Reporting Facility 1,021 last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(b).
17. The firm failed to report to the Nasdaq Market Center the correct symbol indicating whether the transaction was a buy, sell, sell short, or cross for 3,529 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(d).

In connection with Matter No. 20070091929:

18. The firm failed to report to the Trade Reporting and Comparison Service the correct symbol indicating whether the transaction was a buy, sell, sell short, sell short exempt, or cross in 43 last sale reports of transactions in ADF-eligible securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632A(c)(2).

In connection with Matter No. 20060063727:

19. During the period of March 1, 2006 through July 7, 2006, the firm failed to display immediately 21 customer limit orders in Nasdaq securities in its public quotation, when each such order was at a price that would have improved the firm's bid or offer in each such security; or when the order was priced equal to the firm's bid or offer and the national best bid or offer for each such security, and the size of the order represented more than a *de minimis* change in relation to the size associated with the firm's bid or offer in each such security. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 604 of Regulation NMS.
20. During the period reviewed, the firm failed to transmit 47 Reportable Order Events ("ROEs") to OATS on 33 business days. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

In connection with Matter No. 20070092865:

21. During the period reviewed, the firm transmitted to OATS 807,867 Route or Combined Order/Route Reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports contained an inaccurate destination code. These inaccurate and/or incomplete reports represented 12 percent of all Route or Combined Order/Route Reports (6,981,324) that the firm transmitted to OATS during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).
22. During the period reviewed, the firm was named as the Sent To firm in 29 Route or Combined Order/Route Reports that OATS was unable to match to the related New Order Report submitted by the firm. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955(a).

In connection with Matter No. 20080141303:

23. The firm failed to report to the FINRA/Nasdaq Trade Reporting Facility the correct symbol indicating whether the transaction was a buy, sell, sell short, or cross for 100 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(d).
24. With respect to five open limit orders from its customers, the firm failed – prior to executing or permitting the orders to be executed – to reduce, increase or adjust the price and/or number of shares of such orders by an amount equal to the dividend, payment or distribution, on the day that the security was quoted ex-dividend, ex-rights, ex-distribution or ex-interest. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3220.

B. The firm also consents to the imposition of the following sanctions:

A censure, a fine of \$400,000 (consisting of a fine of \$250,000 for the violations of NASD Rule 2110 and 6230(a), \$5,000 for the violations of NASD Rule 3110 and SEC Rule 17a-3, \$28,500 for the violations of NASD Rules 2110, 2111(a) and 2320, \$18,000 for the violations of MSRB Rules G-17 and G-30, \$45,000 for violations of NASD Rule 6130(d), \$8,500 for violations of NASD Rule 4632(b), \$15,000 for violations of NASD Rule 4632A(c)(2), \$10,000 for violations of SEC Rule 604 of Regulation NMS, \$15,000 for violations of NASD Rule 6955(a), and \$5,000 for violations of NASD Rule 3220), and restitution by Respondent to the customers listed on Exhibits 2, 3, 4 and 5, which are attached, in the total amount of \$10,099.99, plus interest at the rate set forth in Section 6621(a) of the Internal

Revenue Code, 26 U.S.C. 6621(a)(2), from the date of the violative conduct until the date this AWC is accepted by the National Adjudicatory Council. A registered principal of the firm shall submit satisfactory proof of payment of the restitution, or of reasonable and documented efforts undertaken to effect restitution, to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850 or in an e-mail from a work-related account of the registered principal to [MarketRegulationComp@finra.org](mailto:MarketRegulationComp@finra.org), no later than 120 days after acceptance of this AWC. If for any reason, Respondent cannot locate any customer after reasonable and documented efforts within such period, or such additional period agreed to by the staff, Respondent shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed-property or abandoned-property fund for the state in which the customer is known to have last resided.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

## II.

### WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

### III.

#### OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
  - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
  - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
  - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
  - 4. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

August 23, 2010  
Date

Respondent  
Citigroup Global Markets Inc.

By: Elaine H. Mandelbaum

Name: Elaine H. Mandelbaum

Title: Managing Director

Reviewed by:

James J. Tyne, Esq.  
James J. Tyne, Esq.  
Counsel for Respondent  
Citigroup Global Markets Inc.  
388 Greenwich Street, 17<sup>th</sup> Floor  
New York, NY 10013-2396  
(212) 816-5668

Accepted by FINRA:

10/22/10  
Date

Signed on behalf of the  
Director of ODA, by delegated authority

Thomas R. Gira  
Thomas R. Gira  
Executive Vice President  
Department of Market Regulation

**EXHIBIT 1**  
**2008 Market Regulation Examination Samples**  
**Citigroup Global Markets Inc.**  
**Exam No. 20080141303**  
**Sample Source/Period\*: August 20 and 21, 2008**

| <u>Sample</u> | <u>Size</u> | <u>Sample Description</u>                                                                                                                                                                  |
|---------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|               | 209         | Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements                                                                                                  |
|               | 4           | Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements                                                                                                    |
| 998           |             | Trades reported to a TRF or OTCTRF for compliance with NASD Rule 6130                                                                                                                      |
|               | <u>998</u>  | for general trade reporting requirements                                                                                                                                                   |
|               | <u>2</u>    | for Cancellation of reported trade requirements                                                                                                                                            |
|               | <u>998</u>  | for Principal, Riskless Principal, or Agency executions effected otherwise than on an exchange                                                                                             |
|               | <u>0</u>    | for compliance with the use of the .PRP (Prior Reference Price) trade modifier                                                                                                             |
|               | <u>17</u>   | for compliance with the requirements of odd-lot trade reporting                                                                                                                            |
|               | <u>0</u>    | for compliance with the use of the .RA trade modifier (prices away from the market)                                                                                                        |
|               | <u>17</u>   | for compliance with the use of the .RX trade modifier (exercise OTC options contract)                                                                                                      |
|               | <u>30</u>   | for compliance with SEC '34 Act Section 28(e) guidelines relating to Soft Dollar Agreements                                                                                                |
|               | <u>805</u>  | for Sale Indicator requirements                                                                                                                                                            |
|               | 0           | Disclosures to customers relating to trading in the Extended Hours session for compliance with Nasdaq Rule 4631                                                                            |
|               | 0           | Orders entered into Nasdaq Exchange execution systems for compliance with Nasdaq Rules 4755 and 2110                                                                                       |
| 14            |             | Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604 and Nasdaq Rule 3390            |
| 44            |             | Orders for compliance with best execution requirements of NASD Rule 2320                                                                                                                   |
|               | <u>14</u>   | Orders executed as principal for compliance NASD Rule 2320 and with the order protection requirements of NASD Rules 2110, IM-2110-2, 2111, 6541 and Nasdaq Rules 2110, IM-2110-2, and 2111 |
|               | <u>0</u>    | 'Not Held' orders for compliance with NASD Rule 2320 and Nasdaq Rule 2320 best execution requirements                                                                                      |
|               | <u>30</u>   | Customer orders in OTC equity securities for compliance with NASD Rules 2320 and 3110(b) requirements to ascertain and document best interdealer market related to execution of orders     |
| 7             |             | Open Limit orders to buy and/or open Stop orders to sell securities that traded ex-dividend for compliance with NASD Rule 3220 and Nasdaq Rule 4761                                        |
|               | 0           | Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements                                                                                                 |
| 50            |             | Orders in securities required to be submitted to OATS for compliance with NASD Rules 6954 and 6955 and Nasdaq Rules 6954 and 6955 requirements                                             |
| 34            |             | Customer confirmations prepared and maintained in connection with select samples                                                                                                           |
|               | <u>24</u>   | for compliance with SEC Rule 10b-10 disclosure requirements                                                                                                                                |
|               | <u>13</u>   | for compliance with SEC '34 Act Section 28(e) guidelines relating to Soft Dollar Agreements                                                                                                |

**EXHIBIT 1**  
**2008 Market Regulation Examination Samples**  
**Citigroup Global Markets Inc.**  
**Exam No. 20080141303**  
**Sample Source/Period\*: August 20 and 21, 2008**

| <u>Sample</u>          | <u>Size</u> | <u>Sample Description</u>                                                                                                                                                                                                                                                       |
|------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                        | 25          | Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements                                                                                                                                          |
|                        | 4           | Data sets published for <June 2008> monthly order execution report for compliance with SEC Rule 605 requirement to publish accurate data (a 'data set' encompasses all required statistical data for single security and order type/size category as described in SEC Rule 605) |
|                        | 28          | Orders underlying data sets reviewed for <May 2008> for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements                                                                                             |
| 4th<br>Quarter<br>2008 |             | Quarterly Routing Report for compliance with SEC Rule 606 requirements                                                                                                                                                                                                          |
|                        | 24          | CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040 and Nasdaq Rule Series 1020, 1030, 1040                                                                 |
| All<br>Provided        |             | Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010                                                                                                                                                  |
| All<br>Provided        |             | Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010 requirements                                                                                                         |
| All<br>Provided        |             | Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rules 610, 611, and 612                                                                               |
|                        | 373         | Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4 and NASD Rule 3110                                                                                                                                           |

**EXHIBIT 2**  
**Citigroup Global Markets Inc.**  
**Matter No. 20060060287**

| Item No. | Order Receipt Date | Buy/Sell | Quantity | Issue | Order Execution Time | Restitution |
|----------|--------------------|----------|----------|-------|----------------------|-------------|
| 1        | 4/20/2006          | B        | 500      | AKAM  | 10:13:05             | \$1,240.50  |
| 2        | 4/28/2006          | B        | 500      | RGNC  | 14:02:04             | \$10.00     |
| 3        | 5/1/2006           | B        | 60       | MXIM  | 15:55:41             | N/A         |
| 4        | 5/1/2006           | S        | 300      | RHAT  | 15:55:03             | N/A         |
| 5        | 5/1/2006           | S        | 200      | ICGE  | 15:54:50             | \$4.00      |
| 6        | 5/1/2006           | B        | 470      | VLCM  | 15:55:11             | \$59.20     |
| 7        | 5/1/2006           | S        | 144      | MYOG  | 15:55:23             | \$8.64      |
| 8        | 5/1/2006           | S        | 300      | FLEX  | 15:56:34             | \$3.00      |
| 9        | 5/1/2006           | S        | 150      | NDAQ  | 15:55:00             | \$7.50      |
| 10       | 5/1/2006           | S        | 500      | DRRX  | 15:55:11             | \$26.00     |
| 11       | 5/1/2006           | B        | 1,000    | HLEX  | 15:56:40             | \$10.00     |
| 12       | 5/1/2006           | S        | 300      | WTFC  | 15:58:00             | \$18.00     |
| 13       | 5/5/2006           | S        | 200      | PTEN  | 11:07:03             | \$3.10      |
| 14       | 5/9/2006           | B        | 1,000    | ADZA  | 11:30:05             | \$20.00     |
| 15       | 5/12/2006          | B        | 5,000    | BLUE  | 10:04:35             | \$27.10     |
| 16       | 5/19/2006          | B        | 500      | CROX  | 15:15:31             | \$8.00      |
| 17       | 5/19/2006          | S        | 4,915    | CSCO  | 15:39:57             | \$41.95     |
| 18       | 5/19/2006          | S        | 200      | CSCO  | 15:39:57             | \$2.00      |
| 19       | 5/19/2006          | S        | 300      | AMZN  | 15:52:49             | \$6.00      |
| 20       | 5/19/2006          | S        | 3,000    | ALTR  | 15:59:25             | \$2.56      |
| 21       | 5/24/2006          | B        | 680      | GLBL  | 15:20:24             | \$15.20     |
| 22       | 5/25/2006          | B        | 900      | LINTA | 14:45:01             | N/A         |
| 23       | 5/30/2006          | S        | 100      | BBBY  | 15:54:00             | \$3.00      |
| 24       | 6/8/2006           | S        | 500      | QSND  | 10:36:54             | N/A         |
| 25       | 6/13/2006          | S        | 4        | ADRE  | 10:48:23             | N/A         |
| 26       | 6/13/2006          | S        | 150      | NVDA  | 10:52:20             | N/A         |
| 27       | 6/13/2006          | S        | 400      | NVDA  | 10:52:20             | \$69.00     |
| 28       | 6/13/2006          | S        | 2,000    | NVDA  | 10:51:19             | N/A         |
| 29       | 6/13/2006          | S        | 68       | NVDA  | 10:52:20             | N/A         |
| 30       | 6/13/2006          | S        | 600      | NVDA  | 10:52:20             | N/A         |
| 31       | 6/13/2006          | S        | 300      | SSCC  | 10:51:40             | N/A         |
| 32       | 6/13/2006          | S        | 100      | FAST  | 10:51:39             | N/A         |
| 33       | 6/13/2006          | S        | 24       | CTXS  | 10:53:15             | \$1.44      |
| 34       | 6/13/2006          | S        | 250      | GLBL  | 14:06:56             | N/A         |
| 35       | 6/13/2006          | B        | 400      | SWWC  | 15:38:50             | N/A         |
| 36       | 6/13/2006          | S        | 150      | IDEV  | 15:55:48             | N/A         |
| 37       | 6/15/2006          | B        | 2,130    | LAMR  | 14:57:37             | \$213.00    |
| 38       | 6/30/2006          | B        | 1,600    | PTRY  | 15:33:40             | \$96.00     |

**Total Restitution Due \$1,895.19**

# EXHIBIT 3

Citigroup Global Markets Inc.  
Matter No. 20070082978

| #                 | Date       | CUSIP ID  | Issue                  | Quantity | Contra | Trade Time | Trade Price | Firm | Restitution |
|-------------------|------------|-----------|------------------------|----------|--------|------------|-------------|------|-------------|
| 1                 | 9/26/2006  | 235036DA5 | Dallas Airport         | 10       | C (B)  | 16:11:45   | 109.007     | SBSH | \$228.44    |
| 2                 | 10/2/2006  | 235036DA5 | Dallas Airport         | 70       | C (B)  | 14:01:15   | 108.946     | SBSH | \$1,556.38  |
| 3                 | 10/4/2006  | 235036FW5 | Dallas Airport         | 15       | C (B)  | 16:54:52   | 105.002     | SBSH | \$140.40    |
| 4                 | 10/6/2006  | 566823FY1 | AZ Multifamily Hsg     | 15       | C (B)  | 13:59:17   | 112.363     | SBSH | \$75.30     |
| 5                 | 10/11/2006 | 249181TK4 | Denver Airport         | 5        | C (B)  | 11:36:55   | 124.503     | SBSH | \$324.96    |
| 6                 | 10/11/2006 | 167592UZ5 | Chicago O'Hare Airport | 25       | C (B)  | 10:41:49   | 105.291     | SBSH | \$273.00    |
| 7                 | 12/1/2006  | 592646DY6 | Washington DC Airport  | 50       | C (B)  | 15:21:03   | 107.177     | SBSH | \$571.60    |
| 8                 | 12/4/2006  | 167592WL4 | Chicago O'Hare Airport | 40       | C (B)  | 12:22:18   | 108.426     | SBSH | \$851.92    |
| Total Restitution |            |           |                        |          |        |            |             |      | \$4,022.00  |

\* Contra parties are identified as follows: B-D (S) indicates another Broker-Dealer selling to the firm; B-D (B) indicates another Broker-Dealer buying from the firm; C (S) indicates a customer selling to the firm; and C (B) indicates a customer buying

**EXHIBIT 4**  
**Citigroup Global Markets Inc.**  
**Matter No. 20070113286**

| Item No.          | Date      | CUSIP     | Issue   | Qty | Contra* | Trade Time | Trade Price | Firm    | Restitution |
|-------------------|-----------|-----------|---------|-----|---------|------------|-------------|---------|-------------|
| 1                 | 7/20/2007 | 78442FAX6 | SLM.KX  | 50  | C(S)    | 11:28:44   | 75.625      | SBSH(S) | \$943.75    |
| 2                 | 7/31/2007 | 46625HDF4 | JPM.GGH | 40  | C(B)    | 13:52:07   | 97.269      | SBSH(B) | \$919.60    |
| 3                 | 8/3/2007  | 22238HGQ7 | CCR.SE  | 50  | C(B)    | 14:23:33   | 98.285      | SBSH(B) | \$0.00      |
| 4                 | 8/16/2007 | 37042GC87 | GMA.HJT | 25  | C(S)    | 15:20:23   | 76.625      | SBSH(B) | \$1,589.25  |
| 5                 | 9/4/2007  | 3704A0HS4 | GMA.IDH | 10  | C(S)    | 15:13:22   | 70.25       | SBSH(B) | \$0.00      |
| 6                 | 9/4/2007  | 3704A0HS4 | GMA.IDH | 25  | C(S)    | 15:21:14   | 70.25       | SBSH(B) | \$0.00      |
| Total Restitution |           |           |         |     |         |            |             |         | \$3,452.60  |

\* Contra parties are identified as follows: B-D(S) indicates another Broker-Dealer selling to the firm; B-D(B) indicates another Broker-Dealer buying from the firm; C(S) indicates a customer selling to the firm; and C(B) indicates a customer buying from the firm.

**EXHIBIT 5**  
**Citigroup Global Markets Inc.**  
**Matter No. 20070113291**

| Item No. | Date      | CUSIP     | Qty | Contra* | Trade Time | Trade Price       | Firm    | Restitution |
|----------|-----------|-----------|-----|---------|------------|-------------------|---------|-------------|
| 1        | 7/19/2007 | 365136MF4 | 50  | C(S)    | 11:12:55   | 94.262            | SBSH(B) | NA          |
| 2        | 9/10/2007 | 85933MAR5 | 50  | C(B)    | 14:28:05   | 102.22            | SBSH(S) | NA          |
| 3        | 9/10/2007 | 85933MAV6 | 65  | C(B)    | 13:47:27   | 102.867           | SBSH(S) | NA          |
| 4        | 9/10/2007 | 85933MAV6 | 30  | C(B)    | 14:05:47   | 102.867           | SBSH(S) | NA          |
| 5        | 9/10/2007 | 85933MAT1 | 30  | C(B)    | 13:19:42   | 102.995           | SBSH(S) | \$730.20    |
|          |           |           |     |         |            | Total Restitution |         | \$730.20    |

\* Contra parties are identified as follows: B-D(S) indicates another Broker-Dealer selling to the firm; B-D(B) indicates another Broker-Dealer buying from the firm; C(S) indicates a customer selling to the firm; and C(B) indicates a customer buying from the firm.