

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080126066-02**

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 October 25, 2010, FINRA accepted an AWC in which the firm was censured, ordered to pay restitution, and fined \$400,000 for violations of NASD Rules 2110, 2320, 3110, 3220, 4632, 4632A, 6130, 6230, 6955, Municipal Securities Rulemaking Board ("MSRB") Rules G-17 and G-30, SEC Rule 17a-3, and SEC Rule 604 of Regulation NMS ("SEC Rule 604").
- On February 17, 2009, FINRA accepted an AWC in which the firm was censured and fined \$2 million for violations of NASD Rules 2110, 3010, 3310, 6230, and 6955, MSRB Rules G-14 and G-27, and SEC Rule 604.

- On January 6, 2009, FINRA accepted an AWC in which the firm was censured, ordered to pay restitution, and fined \$101,000 for violations of NASD Rules 2110, 2320, 3010, 6130, and 6955.

SUMMARY

In connection with the firm's 2009 Trading and Market Making Surveillance ("TMMS") Exam, conducted under matter no. 20090170157 and subsequently merged into matter no. 20080126066, the TMMS staff of FINRA's Department of Market Regulation (the "staff") reviewed the firm's activity set forth on Exhibit 1, for trade dates April 15 – 16, 2009 (the "2009 review period").

In connection with the firm's 2010 TMMS Exam, matter no. 20100215982, the staff reviewed the firm's activity set forth on Exhibit 2, for trade dates June 23 – 24, 2010 (the "2010 review period").

In connection with the firm's 2011 TMMS Exam, matter no. 20110260962, the staff reviewed the firm's activity set forth on Exhibit 3, for trade date August 2, 2011 (the "2011 review period").

FACTS AND VIOLATIVE CONDUCT

Matter no. 20080126066

1. During the period reviewed, the firm failed to provide written notification disclosing to its customer: (a) on 88 occasions its correct compensation type in a transaction; (b) on 24 occasions its correct capacity in the transaction; (c) on five occasions that the transaction was executed at an average price; (d) on five occasions its correct capacity in the transaction and that the transaction was executed at an average price; (e) on one occasion its correct capacity and compensation in a transaction; (f) on one occasion its correct capacity and inaccurately appended the average price disclosure on the customer confirmation; (g) on one occasion an accurate compensation type and that it was an average price transaction; and, (h) on one occasion the correct compensation type and inaccurately appended the average price disclosure. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.
2. During the period reviewed, the firm failed: (a) to show an accurate timestamp and/or buy/sell indicator for an execution on its ledger in 84 instances; (b) to show the time of entry on the memorandum of 14 brokerage orders; (c) to show the correct time of execution on the memorandum of five brokerage orders; (d) to provide requested customer confirmations and/or statements for two orders; (e) to provide an order ticket or blotter record for two orders; (f) to document one principal transaction in its order ledger. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3, 17a-4, and NASD Rule 3110.

3. During the period reviewed, the firm transmitted to the Order Audit Trails System ("OATS") 21 reports that contained inaccurate, incomplete, or improperly formatted data. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
4. During the period reviewed, the firm executed 41 short sale orders and failed to properly mark the orders as short. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 200(g) of Regulation SHO ("SEC Rule 200(g)").
5. During the period reviewed, the firm made available two reports on covered orders in national market system securities that it received for execution from any person. These reports included incorrect information including: (a) incorrect Price Improved Average Time and Outside the Quote Average Time; (b) incorrect At the Quote Average Time and Outside the Quote Average Time; and, (c) incorrect Price Improved Average Time, At the Quote Average Time, and Outside the Quote Average Time. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605 of Regulation NMS ("SEC Rule 605").
6. During the period reviewed, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and/or NASD, FINRA and SEC rules. At a minimum, adequate written supervisory procedures ("WSPs") should provide for: (a) the identification of the person(s) responsible for supervision with respect to the applicable rules; (b) a statement of the supervisory step(s) to be taken by the identified person(s); (c) a statement as to how often such person(s) should take such step(s); and (d) a statement as to how the completion of the step(s) included in the WSPs should be documented.

The firm's WSPs for certain trading desks failed to provide any of the four above-cited minimum requirements for adequate WSPs in the following areas: execution of customer block sized orders (Sector Trading Desk); concurrently handling multiple orders subject to time/price discretion (Sector Trading Desk); refraining from accepting short sale orders subject to SEC Rule 204T (Sector Trading Desk); order marking (US Proprietary Portfolio Desk); sub-penny orders priced less than \$1.00 per share (Sector Trading Desk); and, rules applicable to ATSS and ECNs concerning filing Form ATS-R on a quarterly basis and monitoring the five percent and twenty percent trading volume thresholds (Sector Trading Desk). The conduct described in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

Matter no. 20100215982

7. During the period reviewed, the firm: (a) failed to report to OATS 24 Reportable Order Events; and (b) transmitted to OATS 26 reports that contained inaccurate, incomplete, or improperly formatted data. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

8. During the period reviewed, the firm executed 51 short sale transactions and failed to report each of these transactions to the FINRA/Nasdaq Trade Reporting Facility with a short sale modifier. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6182.
9. During the period reviewed, the firm made available a report on the covered orders in national market system securities that it received for execution from any person. This report included incorrect information including: (a) incorrect Price Improved Time; (b) incorrect At the Quote Average Time; (c) incorrect Cancelled Shares time; (d) incorrect Market Center Executed Shares; (e) incorrect Shares from 60-299 Seconds; (f) incorrect Shares from 5-30 Minutes; (g) and incorrect Average Realized Spread. In three instances the firm inaccurately classified covered orders in marking making securities as exempt. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605.
10. During the period reviewed: (a) the firm failed on 26 occasions to provide written notification disclosing to its customer its correct compensation type in a transaction; (b) on seven occasions the firm disclosed that the price received by a customer was an average price for orders that received a single fills, and in five of those instances the firm erroneously disclosed its compensation type as commission for orders handled in a riskless principal or principal capacity; and, (c) on four occasions the firm failed to disclose the capacities in which it acted. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.
11. During the period reviewed, the firm failed to properly mark eight sell orders as long or short. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 200(g).
12. During the period reviewed, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and/or NASD, FINRA and SEC rules. At a minimum, adequate WSPs should provide for: (a) the identification of the person(s) responsible for supervision with respect to the applicable rules; (b) a statement of the supervisory step(s) to be taken by the identified person(s); (c) a statement as to how often such person(s) should take such step(s); and (d) a statement as to how the completion of the step(s) included in the WSPs should be documented.

The firm's WSPs failed to provide any of the four above-cited minimum requirements for adequate WSPs in the following areas: supervision of aggregation units; making an affirmative determination regarding customer short sale orders; and, rules applicable to ATSS and ECNs concerning filing Form ATS-R on a quarterly basis and monitoring the five percent and twenty percent trading volume thresholds. The conduct described in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

13. During the period reviewed, in 25 instances the firm improperly classified orders for purposes of SEC Rule 605, and the firm failed to disclose the correct SEC Rule 605 order execution statistics for four order type/size categories. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605.
14. During the period reviewed, the firm: (a) transmitted to OATS six reports that failed to include the directed order special handling; (b) submitted four orders with an incorrect order entry time and erroneous combined order/route reports; (c) failed to submit routing information to OATS for two orders; (d) in two instances failed to submit the correct leaves quantity to OATS; and, (e) transmitted to OATS six reports that included other inaccurate, incomplete, or improperly formatted data. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
15. During the period reviewed the firm: (a) failed on nine occasions to provide written notification disclosing to its customer its correct compensation type in a transaction; (b) on six occasions disclosed that the price received by a customer was an average price for orders that received a single fill; (c) on two occasions erroneously disclosed on the customer confirmation that a commission was charged for an order filled in a principal capacity; (d) on one occasion erroneously disclosed on the customer confirmation an agency capacity, and that a commission was charged for an order filled in a principal capacity, and erroneously disclosed the price received by the customer was an average price; (e) on one occasion erroneously disclosed on the customer confirmation an agency capacity for an order filled in a principal capacity and that the price received by the customer was an average price; and (f) on one occasion erroneously disclosed on the customer confirmation an agency capacity for an order filled in a principal capacity. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10.
16. During the period reviewed, on four occasions the firm accepted a short sale order in an equity security from another person, or effected a short sale in an equity security for its own account, without: (1) borrowing the security, or entering into a bona-fide arrangement to borrow the security; or (2) having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due; and (3) documenting compliance with SEC Rule 203(b) of Regulation SHO ("SEC Rule 203(b)"). The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 203(b).
17. During the period reviewed, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and/or NASD, FINRA and SEC rules. At a minimum, adequate WSPs should provide for: (a) the identification of the person(s) responsible for supervision with respect to the applicable rules; (b) a statement of the

supervisory step(s) to be taken by the identified person(s); (c) a statement as to how often such person(s) should take such step(s); and (d) a statement as to how the completion of the step(s) included in the WSPs should be documented.

The firm's WSPs failed to provide for one or more of the four above-cited minimum requirements for adequate WSPs in the following areas: order handling (SEC Rule 602 - One Percent Rule) [(a), (b), (c)]; and, rules applicable to ATSs and ECNs concerning filing Form ATS-R on a quarterly basis and monitoring the five percent and twenty percent trading volume thresholds [(a), (b), (c), (d)]. The conduct described in this paragraph constitutes a violation of FINRA Rule 2010 and NASD Rule 3010.

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

A censure and a fine of \$155,500 (comprised of: \$13,000 for the SEC Rule 10b-10 violations; \$2,500 for the books and records violations; \$35,000 for the OATS violations; \$40,000 for the SEC Rule 605 violations; \$7,500 for the FINRA Rule 6182 violations; \$22,500 for the Regulation SHO violations; and, \$35,000 for the supervision violations) and an undertaking to revise the firm's supervisory system with respect to the areas described in paragraph 17 above. Within 30 business days of acceptance of this AWC, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its supervisory system to address the areas described in paragraph 17 above; and, (3) the date that the revisions were implemented.

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.

6-28-13
Date

Respondent
Citigroup Global Markets Inc.

By: Elaine H. Mandelbaum

Name: Elaine H. Mandelbaum

Title: Managing Director

Reviewed by:

J. Tyne
Counsel for Respondent

Accepted by FINRA:

8/7/13
Date

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

Robert A. Marchman
Robert A. Marchman
Executive Vice President
Department of Market Regulation

2009 Market Regulation Examination Samples
 Citigroup Global Markets ("SBSH")
 Exam No. 20090170157
 Sample Source/Period*: July 27-28, 2009

<u>Sample Size</u>	<u>Sample Description</u>
72	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
39	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
0	Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements
213	Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624
58	Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements
58	Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements
0	Sell orders entered into BATS Exchange execution system for compliance with BATS Rule 11.19 long/short reporting requirements
0	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
104	Orders for compliance with best execution requirements of NASD Rule 2320 <u>25</u> Customer Sell orders from the Customer Sales Review <u>23</u> Held orders from the Held Order Protection Review <u>8</u> Not Held orders from the Not Held Order Review <u>25</u> Order executed with a .PRP (Prior Reference Price) trade modifier <u>23</u> Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
23	Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111
10	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
75	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements
531	Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10

*unless otherwise noted

DT-2/17/09

Last modified by RM - 5/6/10

2009 Market Regulation Examination Samples
 Citigroup Global Markets ("SBSH")
 Exam No. 20090170157
 Sample Source/Period*: July 27-28, 2009

<u>Sample 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 Month Year 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)
1	Quarterly Routing Report for compliance with SEC Rule 606 requirements
25	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; Nasdaq Rule Series 1020, 1030, 1040; and BATS Rule 11.4
23	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
1	Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631
1112	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110
531	Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330
All Provided	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rule 611
All Provided	Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010, Nasdaq Rule 3010, or BATS Rule 5.1 requirements

* unless otherwise noted

DT-2/17/09

Last modified by RM - 5/6/10

2010 Market Regulation Examination Samples
Citigroup Global Markets ("SBSH")
Exam No. 20100215982
Sample Source/Period*: June 23-24, 2010

Exhibit No.2

Sample

<u>Size</u>	<u>Sample Description</u>
98	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
17	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
0	Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements
403	Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624
53	Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements
53	Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements
50	Sell orders entered into BATS Exchange execution system for compliance with BATS Rule 11.19 long/short reporting requirements
0	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
45	Orders for compliance with best execution requirements of NASD Rule 2320
0	Held orders from the Held Order Protection Review
10	Not Held orders from the Not Held Order Review
10	Order executed with a .PRP (Prior Reference Price) trade modifier
25	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
0	Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111
0	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
N/A	Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements
75	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements
53	Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10
24	Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements
26	Data sets published for 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)

- 1. Quarterly Routing Report for compliance with SEC Rule 606 requirements
- 16 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; Nasdaq Rule Series 1020, 1030, 1040; and BATS Rule 11.4
- 25 Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
- 0 Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631
- 4541 Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110
- 791 Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330
- N/A Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010

All Member's supervisory and operational policies and procedures and documentation evidencing execution of the
Provided policies and procedures for compliance with SEC Regulation NMS Rule 611

All Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of
Provided the WSPs for compliance with NASD Rule 3010, Nasdaq Rule 3010, or BATS Rule 5.1 requirements

- N/A Trading Halts declared during the on-site portion of the examination for which FINRA Staff observed the operation of the ATS.

- N/A Trades reported to the ADF/TRACS for compliance with FINRA Rule 6282
- N/A ADF orders and quotes accessed by other market participants for compliance with FINRA Rule 6250 requirements to submit Order and Order Response reports

2011 Market Regulation Examination Samples
 Citigroup Global Markets Inc. ("SBSH")
 Exam No. 20110260962
 Sample Source/Period*: August 2, 2011

<u>Sample Size</u>	<u>Sample Description</u>
1515	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
37	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
0	Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements
229	Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624
48	Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements
48	Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements
0	Sell orders entered into Nasdaq OMX BX execution system for compliance with Nasdaq OMX BX Rule 4755 long/short reporting requirements
0	Sell orders entered into Nasdaq OMX PHLX execution system for compliance with Nasdaq OMX PHLX Rule 3305 long/short reporting requirements
41	Sell orders entered into DirectEdge Exchange execution system for compliance with EDGA/EDGX Rule 11.15 long/short reporting requirements
79	Sell orders entered into NYSE-Arca execution system for compliance with NYSE-Arca Equity Rule 7.16 long/short reporting requirements
0	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
16	Orders for compliance with best execution requirements of NASD Rule 2320
0	Held orders from the Held Order Protection Review
0	Not Held orders from the Not Held Order Review
1	Order executed with a .PRP (Prior Reference Price) trade modifier
15	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
0	Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111.
10	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

2011 Market Regulation Examination Samples
 Citigroup Global Markets Inc. ("SBSH")
 Exam No. 20110260962
 Sample Source/Period*: August 2, 2011

<u>Sample Size</u>	<u>Sample Description</u>
60	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements
42	Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10
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 2011 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)
1	Quarterly Routing Report for compliance with SEC Rule 606 requirements
20	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
15	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
10	Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631
1717	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110
314	Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330
All Provided	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rule 611
All Provided	Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010 or Nasdaq Rule 3010 requirements