

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090201886-01**

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 6, 2009, FINRA accepted an AWC in which the firm was censured and fined, among other items, \$51,000 for corporate bond best execution violations.

SUMMARY

In Matter Number 20090201886, the Fixed Income staff of the Department of Market Regulation (the "staff") reviewed the firm's compliance with the Municipal Securities Rulemaking Board ("MSRB") pricing requirements for municipal bonds from January 1, 2009 through March 31, 2009 (the "1Q09 review period").

In Matter Number 20090209707, the staff reviewed the firm's compliance with best execution requirements for corporate bonds during the 1Q09 review period.

In Matter Number 20090207806, the staff reviewed the firm's compliance with fair pricing requirements for corporate bond transactions from April 1, 2009 through June 30, 2009 (the "2Q09 review period").

FACTS AND VIOLATIVE CONDUCT

Matter no. 20090201886

1. During the 1Q09 review period, 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 A. The conduct described in this paragraph constitutes separate and distinct violations of MSRB Rules G-17 and G-30(a).

Matter no. 20090209707

2. During the 1Q09 review period, in 18 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 B. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD Conduct Rule 2320.

Matter no. 20090207806

3. During the 2Q09 review period, in nine transactions, the firm sold (bought) corporate bonds to (from) customers and failed to sell (buy) such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. The transactions are identified on Exhibit C. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD Rules 2440 and IM-2440.

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

A censure and a fine of \$100,000 (comprised of: \$30,000 for the MSRB Rules G-17 and G-30 violations; \$60,000 NASD Rules 2110 and 2320 violations; and, \$10,000 for the FINRA Rule 2010 and NASD Rules 2440, IM-2440 violations) and restitution in the amount of \$43,582.24 as set forth on Exhibits A, B, and C, 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, 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.

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: (i) testimonial obligations; or (ii) 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.

7/30/13
Date

Respondent
Citigroup Global Markets Inc.

By: EW

Name: Edward TURAN

Title: Managing Director

Reviewed by:

WJ Hall
Counsel for Respondent

Accepted by FINRA:

8/23/13
Date

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

Robert Marchman (RM)
Robert A. Marchman
Executive Vice President
Department of Market Regulation

Exhibit A

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

Citigroup Global Markets, Inc. ("SBSH")
Matter No. 20090209707

Exhibit B

#	Execution Date	Cusip	Issue	Quantity	Firm	Contra	Execution Time	Execution Price	Restitution	Restitution Paid	Restitution To Be Paid
2	03/11/2009	46625HBV1	JPM.YQ	110.0	SBSH	C (B)	15:18:52	92.515	\$3,804.68	\$0.00	\$3,804.68
4	03/31/2009	172967BP5	C.GMF	75.0	SBSH	C (S)	10:52:08	67.250	\$4,515.75	\$0.00	\$4,515.75
5	02/27/2009	060505BG8	BAC.GDG	50.0	SBSH	C (B)	10:37:44	73.949	\$2,294.50	\$0.00	\$2,294.50
6	03/06/2009	45974VA24	AIG.GND	31.0	SBSH	C (S)	13:40:18	44.954	\$1,178.40	\$0.00	\$1,178.40
10	03/03/2009	172967DZ1	C.HFB	30.0	SBSH	C (B)	14:09:40	92.924	\$949.20	\$0.00	\$949.20
11	03/16/2009	36966RHR0	GE.GAY	20.0	SBSH	C (B)	11:08:29	105.373	\$2,874.60	\$0.00	\$2,874.60
16	03/11/2009	628855AN8	BAC.QS	7.0	SBSH	C (S)	14:44:04	54.058	\$1,354.08	\$0.00	\$1,354.08
18	01/23/2009	444859AY8	HUM.GD	25.0	SBSH	C (B)	14:03:20	97.708	\$2,688.25	\$0.00	\$2,688.25
20	02/11/2009	060505BG8	BAC.GDG	25.0	SBSH	C (B)	14:50:03	89.852	\$1,059.25	\$0.00	\$1,059.25
21	02/12/2009	060505BG8	BAC.GDG	33.0	SBSH	C (B)	10:37:39	89.919	\$1,420.32	\$0.00	\$1,420.32
28	03/05/2009	3704A0LM2	GMA.IFY	30.0	SBSH	C (S)	11:17:10	65.875	\$2,527.17	\$0.00	\$2,527.17
30	02/12/2009	060505AU8	BAC.XV	22.0	SBSH	C (B)	15:08:41	96.187	\$530.93	\$0.00	\$530.93
36	02/20/2009	060505CL6	BAC.GRE	5.0	SBSH	C (S)	11:55:00	47.250	\$1,165.50	\$1,350.00	\$0.00
37	03/11/2009	441812KD5	HBC.IGQ	10.0	SBSH	C (S)	13:09:02	57.451	\$992.40	\$998.70	\$0.00
40	03/27/2009	209111ES8	ED.IP	12.0	SBSH	C (B)	11:24:01	103.303	\$963.96	\$1,232.76	\$0.00
44	03/06/2009	060505XAP8	BAC.KW	5.0	SBSH	C (B)	9:43:30	96.700	\$460.32	\$500.00	\$0.00
47	02/12/2009	060505AU8	BAC.XV	10.0	SBSH	C (B)	9:33:30	96.085	\$231.13	\$0.00	\$231.13
49	03/10/2009	060505XCA9	BAC.MF	10.0	SBSH	C (B)	15:57:55	93.919	\$619.90	\$0.00	\$619.90
RESTITUTION									\$29,630.34	\$4,081.46	\$26,048.16

Citigroup Global Markets, Inc. ("SBSH")
Matter No. 20090207806

Exhibit C

#	Date	Symbol ID	CUSIP	Quantity	Contra 1	Trade Time 1	Trade Price 1	Firm	Contra 2	Trade Time 2	Trade Price 2	Markup	Markdown	Spread	Markup Restitution	Markdown Restitution
2	04/14/2009	BAC.GDG	060505BG8	25.0	C (S)	11:36:57	66.500	SBSH	B-D (B)	12:43:38	73.000		8.90%			\$895.00
3	04/28/2009	CIT.RB	12557WKT7	50.0	C (S)	9:20:29	26.875	SBSH	C (B)	11:43:35	31.500			17.21%	\$425.00	\$427.50
11*	04/02/2009	GMA.HUE	37042G5R3	25.0	C (S)	12:47:44	20.750	SBSH	B-D (B)	14:06:47	24.000		13.54%			\$412.50
12	05/12/2009	GMA.HUR	37042G6J0	40.0	C (S)	11:15:48	42.000	SBSH	B-D (B)	12:20:27	45.000		6.67%			\$760.80
14	05/14/2009	GMA.HWB	3704A0AC6	20.0	C (S)	10:32:39	38.750	SBSH	C (B)	12:30:13	42.500			9.68%		\$92.00
15*	05/12/2009	GMA.HWK	3704A0AQ5	15.0	C (S)	11:53:44	41.500	SBSH	B-D (B)	12:21:00	45.000		7.78%			\$125.00
17	04/15/2009	GMA.IOX	3704A0VZ2	50.0	C (S)	9:44:00	24.750	SBSH	C (B)	10:31:49	27.500			11.11%	\$235.00	\$205.00
18	05/20/2009	SM.GC	792228AD0	14.0	B-D (S)	11:13:00	78.000	SBSH	C (B)	14:55:45	82.750	6.09%			\$119.00	
19	04/08/2009	SSB.GEF	1730T0FY0	50.0	B-D (S)	11:36:14	88.600	SBSH	C (B)	13:53:00	93.400	5.42%			\$185.00	
Total Restitution															\$564.00	\$2,917.80
															\$3,881.80	

* 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.

* #11 - Restitution originally calculated at 614.5, but given the \$400 minimum allowed to firm restitution was adjusted to \$412.5

* #15 - Restitution originally calculated at 364.35, but given the \$400 minimum allowed to firm restitution was adjusted to \$125