

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100237060-01**

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 fines, \$10,000 for violations of NASD Rule 6955.
- On February 18, 2009, FINRA accepted an AWC in which the firm was censured and fined \$325,000 for violations of NASD Rule 6955.
- On October 25, 2010, FINRA accepted an AWC in which the firm was censured and fined, among other fines, \$15,000 for violations of NASD Rule 6955.

SUMMARY

In matter no. 20100237060, the Order Audit Trail System ("OATS") Compliance Team of the Department of Market Regulation (the "staff") reviewed the firm's compliance with FINRA rules applicable to OATS reporting during the period from January 1, 2010 through April 30, 2010 (the "1T10 review period").

In matter no. 20110285955, the staff reviewed the firm's compliance with FINRA rules applicable to OATS reporting during the period from January 1, 2011 through April 30, 2011 (the "1T11 review period").

FACTS AND VIOLATIVE CONDUCT

Matter no. 20100237060

1. During the 1T10 review period, the firm transmitted to OATS 96 Execution or Combined Order/Execution Reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, because of the inaccurate, incomplete or improperly formatted data: (a) in 28 instances the OATS system was unable to link the execution reports to the related trade reports in a FINRA transaction reporting system; (b) in 42 instances the firm submitted Execution or Combined Order/Execution Reports for orders that were routed away for execution; (c) in 18 instances the firm submitted Execution or Combined Order/Execution Reports it was not required to submit; (d) the firm failed to append the required Reporting Exception Code to eight Execution or Combined Order/Execution Reports, and also reported an incorrect Account Type Code for two of those eight reports. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

Matter no. 20110285955

2. During the 1T11 review period, the firm: (a) reported 2,803,632 Reportable Order Events ("ROEs") to OATS after the 5:00 a.m. deadline that were marked late by OATS; (b) transmitted to OATS 18,002 New Order Reports and related subsequent reports where the timestamp for the related subsequent report occurred prior to the receipt of the order; (c) transmitted 96 Execution or Combined Order/Execution Reports that contained inaccurate, incomplete or improperly formatted data and because of the inaccurate, incomplete or improperly formatted data, the OATS system was unable to link the reports to the related trade reports in a FINRA transaction reporting system; (d) submitted 85 Route or Combined Order/Route Reports to OATS that OATS was unable to link to the related order in The NASDAQ Market Center due to inaccurate, incomplete or improperly formatted data; (e) submitted 59 Route or Combined Order/Route Reports to OATS that OATS was unable to match to the receiving firm's related New Order Report; and (f) was named as the "Sent to Firm" for 37 reports other members sent to OATS that OATS was unable to match to a related New Order Report submitted by the firm. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

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

A censure and a fine of \$60,000.

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.

July 30, 2013
Date

Respondent
Citigroup Global Markets Inc.

By: Gautier 7/30/13

Name: Gautier TURN

Title: Managing Director

Reviewed by:

[Signature]
Counsel for Respondent

Accepted by FINRA:

8/20/13
Date

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

[Signature]
Tina Salehi Gubb
Chief Counsel
Department of Market Regulation