

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110255782-01**

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

RE: Citigroup Global Markets Inc., Respondent
Member Firm
BD No. 7059

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent Citigroup Global Markets Inc. ("CGMI" or 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 CGMI alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. CGMI 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

CGMI has been a FINRA member firm since October 16, 1936. It is a full-service global broker-dealer. It provides services including investment banking, underwriting debt and equity securities and advising corporations, governments, and institutions. The Firm trades securities for institutional and individual customers as well as for proprietary accounts.

RELEVANT DISCIPLINARY HISTORY

In 2011, CGMI entered into an AWC with FINRA through which it agreed to sanctions of a censure and a \$75,000 fine for violating Municipal Securities Rulemaking Board ("MSRB") Rule G-27 by failing to establish and maintain a supervisory system and failing to adopt, maintain and enforce written supervisory procedures that were reasonably designed to achieve compliance with the disclosure requirements for municipal securities transactions (AWC No. 20090180385-01). The Firm's procedures failed to describe in sufficient detail the

regulatory obligation to disclose to customers certain material information, such as a rating agency's recent downgrade of the security, to enable them to make an informed decision in connection with the purchase of gas bonds and other municipal securities.

CGMI has no other relevant formal disciplinary history with the Securities and Exchange Commission, any state securities agency, FINRA or any self-regulatory organization.

OVERVIEW

Between January 2009 and December 2012, CGMI violated MSRB Rule G-32 by untimely filing Official Statements ("OSs") and Advance Refunding Documents ("ARDs") with MSRB's Electronic Municipal Market Access System ("EMMA"), and reporting certain inaccurate information regarding OSs to EMMA.

FACTS AND VIOLATIVE CONDUCT

MSRB Rule G-32 requires, among other things, underwriters of primary offerings to file certain information and documentation timely and accurately to EMMA. Among the documentation that must be filed is the OS and, if applicable, ARDs.

1. MSRB Rule G-32(b)(i)(B)(1) requires the underwriter of a primary offering of municipal securities to send the official statement to EMMA within one business day after receipt of the official statement from the issuer, or by no later than the closing date of the offering.

MSRB Rule G-32(b)(i)(A) requires timely submission of all information required to be submitted by Form G-32. Form G-32 collects certain information in connection with primary offerings of municipal securities, including information about the identity of the managing underwriter; the offering's type, fees and discounts; the identity of and relevant dates for each issue in the offering; the identity, price, principal amount, interest and relevant dates for each security in each issue; advance refunding information such as the maturity date of refunded securities and the issuer's identity; the type, date and availability of documents used in the offering; and disclosure information.

Between May 2010 and November 2011, the Firm untimely filed the OS relating to 30 offerings. Eighteen of those untimely filings occurred after the closing date. Twelve were filed before the closing date but more than one business day after the Firm received the OS from the issuer. Most of the late filings were less than two weeks late. Six filings were between three weeks and nine months late.

By filing with EMMA 30 OSs after the deadlines set by the Rule, the Firm violated MSRB Rules G-32(b)(i)(B)(1) and G-32(b)(i)(A).

By filing 18 of the 30 OSs after the closing date, the Firm also violated MSRB Rule G-32(a).

2. MSRB Rule G-32(b)(i)(A) requires accurate submission of all information required to be submitted by Form G-32. Between January 2010 and March 2012, CGMI made 16 inaccurate filings to EMMA.

By reason of the foregoing, CGMI violated MSRB Rule G-32(b)(i)(A).

3. For advance refunding of outstanding municipal securities, MSRB Rule G-32(b)(ii) requires the underwriter to send the ARDs to EMMA by no later than five business days after the closing date.

Between January 2, 2009 and December 14, 2012, CGMI untimely filed 41 Competitive Advance Refunding Escrow Trust Agreements, which are defined as ARDs under Rule G-32.

By reason of the foregoing, CGMI violated MSRB Rule G-32(b)(ii).

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

- A censure;
- And a fine in the amount of \$15,000.

CGMI agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. CGMI has submitted an Election of Payment form showing the method by which CGMI proposes to pay the fine imposed.

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

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

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against it;
- 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, CGMI 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.

CGMI 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

CGMI 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 CGMI; and
- C. If accepted:
 - 1. this AWC will become part of CGMI's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against CGMI;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about my 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. CGMI 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. CGMI 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 CGMI'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.

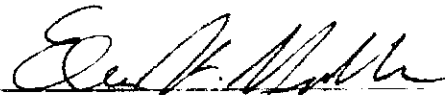
D. CGMI may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. CGMI understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute 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 CGMI's 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 CGMI has agreed to its provisions voluntarily; and that

no offer, intent, inducement, or promise of any kind, either than the terms set forth herein, and the prospect of avoiding the issuance of a Complaint, has been made to induce CGMI to submit it.

12-17-2013
Date (in m/dd/yyyy)

Respondent Citigroup Global Markets Inc.

By: 
Elaine H. Mandelbaum

Title Managing Director

Accepted by FINRA:

December 18, 2013
Date

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


Elissa Meth Kestin, Esq.
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