

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011028 4041-01**

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. During the time periods at issue, the firm reported trades under two different Market Participant Identifiers (MPIDs), SBSH and SALB.

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 and fined, among other fines, \$250,000 for violations of NASD Rules 2110 and 6230(a) and \$5,000 for violations of SEC Rule 17a-3 and NASD Rule 3110.

SUMMARY

In matter no. 20110284041, 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 January 1, 2011 through March 31, 2011.

In matter no. 20110299698, the staff reviewed the firm's compliance with the TRACE reporting requirements during the period July 1, 2011 through September 30, 2011.

In matter nos. 20110308351 and 20120308592, the staff reviewed the firm's reporting of new issue offerings in TRACE-eligible securitized products during the period May 10, 2011 through September 30, 2011.

FACTS AND VIOLATIVE CONDUCT

Matter no. 20110284041

1. During the period reviewed, SALB failed to report to TRACE the correct time of trade execution for 87 P1 transactions in TRACE-eligible corporate debt securities. These 87 inaccurate reports constituted 28% of the 309 matched P1 inter-dealer reports SALB submitted during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
2. During the period reviewed, SALB failed to show the correct time of execution on the memorandum of 59 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Rule 3110.

Matter no. 20110299698

3. During the period reviewed, SBSH failed to report to TRACE 55 block size S1 transactions in TRACE-eligible corporate debt securities within 15 minutes of the time of execution in violation of FINRA Rule 6730(a). These late transactions constituted 10% of the total number of valid S1 block size trades in TRACE-eligible securities (525) that SBSH reported to TRACE during the 3Q11 review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

Matter nos. 20110308351 and 20120308592

4. During the period reviewed, SALB as managing underwriter/secritizer, failed to report 41 new issue offerings in TRACE-eligible Corporate Debt products to FINRA in accordance with the time frame set forth in FINRA Rule 6760(c). These 41 new

issue offerings constituted 33 percent of the 126 new issue offerings in TRACE-eligible corporate debt products that the firm had an obligation to provide to FINRA pursuant to FINRA Rule 6760 during the period reviewed. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760(c).

5. During the period reviewed, as managing underwriter SALB reported an inaccurate new issue submission for six new issue offerings in corporate debt securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760(b).

- 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.

Date October 15 2013

By: [Signature]

Name: Sofia Logue

Title: Associate General Counsel

Counsel for Respondent

11/19/13
Date/

Tina Salehi Gubb
Tina Salehi Gubb
Chief Counsel
Department of Market Regulation