

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2023080783201**

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

RE: Citigroup Global Markets Inc. (Respondent)
Member Firm
CRD No. 7059

Pursuant to FINRA Rule 9216, Respondent Citigroup Global Markets Inc. (CGMI) 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 Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

CGMI has been a FINRA member since October 1936 and registered with the Municipal Securities Rulemaking Board (MSRB) since January 1976. CGMI is headquartered in New York, NY and has approximately 7,360 registered representatives operating from more than 700 branch offices. CGMI conducts a general securities business.¹

OVERVIEW

From April 2015 to June 2023, CGMI violated MSRB Rules G-2 and G-3 by permitting three associated persons to engage in activities requiring qualification as a municipal securities representative when they were not qualified to act in that capacity.

FACTS AND VIOLATIVE CONDUCT

This matter arose from a self-disclosure filed by CGMI pursuant to FINRA Rule 4530.

MSRB Rule G-2 states in relevant part that “[n]o broker, dealer or municipal securities dealer shall effect any transaction in, or induce or attempt to induce the purchase or sale of, any municipal security ... unless such broker, dealer, [or] municipal securities

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

dealer ... and every natural person associated with such broker, dealer, [or] municipal securities dealer ... is qualified in accordance with the rules of the Board.” MSRB Rule G-3(a)(i)(A) defines the term “municipal securities representative” as “a natural person associated with a broker, dealer or municipal securities dealer, other than a person whose functions are solely clerical or ministerial, whose activities include ... research or investment advice with respect to municipal securities.” MSRB Rule G-3(a)(ii) further states in relevant part that “any person seeking to become qualified as a municipal securities representative ... shall take and pass the ... Municipal Securities Representative Qualification Examination” (Series 52) unless such person was “duly qualified as a general securities representative by reason of having taken and passed the General Securities Registered Representative Examination” (Series 7) before November 7, 2011.

From April 2015 to June 2023, CGMI permitted three associated persons to engage in activities requiring qualification as a municipal securities representative when they were not qualified to act in that capacity. Specifically, the three associated persons co-authored, along with qualified municipal securities representatives, 470 municipal securities research reports when they had not taken and passed the Series 52 examination or qualified as a general securities representative before November 7, 2011. One of the three associated persons authored an additional four reports without a qualified municipal securities representative as co-author.

CGMI uncovered this violation in June 2023, when a new supervisor observed that these municipal research analysts had not passed the Series 52 examination. As a result, CGMI conducted a review of its municipal research licensing practices and suspended the publication of municipal bond research reports until the entire municipal research team had taken and passed the Series 52 examination, which occurred by August 2023.

By permitting the three associated persons to engage in activities requiring qualification as municipal securities representatives when they were not qualified to act in that capacity, CGMI violated MSRB Rules G-2 and G-3.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$100,000 fine.

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

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent 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, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, 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 its acceptance or rejection.

Respondent 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

Respondent 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 Respondent; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
4. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent'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 Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

12/11/24
Date

Leticia Vandehaar
Citigroup Global Markets Inc.
Respondent

Print Name: LETICIA VANDEHAAR

Title: HEAD OF INVESTIGATIONS — LEGAL

Reviewed by:

Kory Wilmot
Kory Wilmot
Counsel for Respondent
Citigroup Global Markets Inc.
3800 Citibank Center
Building G
Tampa, Florida 33610

Accepted by FINRA:

12/31/2024
Date

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

Daniella Roseman
Daniella Roseman
Counsel
FINRA
Department of Enforcement
1601 Market Street
Suite 2700
Philadelphia, PA 19103