

## FINANCIAL INDUSTRY REGULATORY AUTHORITY

In the Matter of the  
Continued Membership  
of  
Citigroup Global Markets Inc.  
(CRD No. 7059)

Notice Pursuant to  
Rule 19h-1  
Securities Exchange Act  
of 1934

SD-2348

**January 29, 2024**

### **I. Introduction**

On October 14, 2022, Citigroup Global Markets Inc. (“CGMI” or “Firm”) submitted a Membership Continuance Application (“MC-400A Application” or “Application”) to FINRA’s Credentialing, Registration, Education, and Disclosure (“CRED”) Department.<sup>1</sup> The Application seeks permission for the Firm, a FINRA member, to continue its membership with FINRA notwithstanding its statutory disqualification. A hearing was not held in this matter; rather, pursuant to FINRA Rule 9523(b), FINRA’s Department of Member Supervision (“FINRA,” “Member Supervision,” or “Department”) approves the Application and is filing this Notice pursuant to Rule 19h-1 of the Securities Exchange Act of 1934 (“Exchange Act” or “SEA”).

### **II. The Statutorily Disqualifying Event**

The Firm is subject to statutory disqualification, as that term is defined in Section 3(a)(39)(F) of the Exchange Act, incorporating by reference Sections 15(b)(4)(D) and (E), as a result of a September 2022 Order issued by the Securities and Exchange Commission (“SEC” or “Commission”) finding CGMI willfully violated Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) and failed reasonably to supervise its employees with a view to preventing or detecting certain of its employees’ aiding and abetting violations of Section 17(a) of the Exchange Act and Rule 17a-4(b)(4) thereunder (“SEC Order”).<sup>2</sup> According

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<sup>1</sup> See MC-400A Application and related attachments compiled by CRED, with a cover memorandum dated October 28, 2022, attached as Exhibit 1.

<sup>2</sup> See SEC Order, *In re Citigroup Global Markets Inc.*, Exchange Act Release No. 95920 (Sept. 27, 2022), attached as Exhibit 2.

The SEC Order also triggered disqualification under Rules 262(a)(4), 506(d)(1)(iv), and 602(c)(3) of the Securities Act of 1933 and Rule 503(a)(4)(ii) of Regulation Crowdfunding. On September 27, 2022, the SEC granted a waiver from the application of the disqualification provisions of these Rules. See *In re Certain*

to the SEC Order, from at least January 2018 to September 2021, CGMI employees sent and received off-channel communications that related to the Firm's business, and a majority of these written communications was not maintained or preserved by the Firm.<sup>3</sup> Further, supervisors who were responsible for preventing this misconduct among junior employees routinely communicated off-channel using their personal devices, and, in so doing, failed to comply with firm policies by communicating using non-Firm approved methods on their personal devices about the Firm's broker-dealer business.<sup>4</sup>

The Firm was censured, ordered to cease and desist from committing or causing any future violations, ordered to pay a civil money penalty of \$125 million, and ordered to comply with undertakings.<sup>5</sup> The Firm represented that it paid the penalty on October 7, 2022<sup>6</sup> and is in compliance with the undertakings.<sup>7</sup>

### **III. Remedial Measures<sup>8</sup>**

According to the Application, the Firm undertook remedial measures prior to the issuance of the SEC Order, including enhancing its policies and procedures, increased training concerning the use of approved communications, and implementing significant changes to technology available to its employees.

CGMI represented that it established an enterprise-wide Operating Committee to oversee remediation efforts concerning off-channel communications. Specifically, the Operating Committee was established to review and evaluate potential enhancements to employee training, communications to employees, investigation protocols and enhancement to technology for the retention of communications on personal devices. The Firm also implemented chat platforms that allow the Firm to retain communications between its employees and clients who are using WhatsApp to communicate, and a pilot corporate device program for employees whereby communications can be surveilled and retained by CGMI.

In addition to the above, the Firm represented that it developed new training and guidance concerning off-channel communications and enhanced messaging to employees regarding the prohibition of off-channel communications.

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*Broker-Dealer Practices*, Securities Act Release No. 11109 (Sept. 27, 2022), attached as Exhibit 3.

<sup>3</sup> See Exhibit 2 at p. 2.

<sup>4</sup> *Id.*

<sup>5</sup> See Exhibit 2 at pp. 6-11.

<sup>6</sup> See Exhibit 1 at FINRA00017, Response 4 and FINRA00033 (internal Appendix C).

<sup>7</sup> *Id.* at FINRA00017, Response 5 and FINRA00036-37 (internal Appendix D).

<sup>8</sup> *Id.* at FINRA00035-36.

#### IV. Firm Background

The Firm has been a FINRA member since October 1936.<sup>9</sup> It is headquartered in New York, New York, with 745 branches (196 of which are Offices of Supervisory Jurisdiction).<sup>10</sup> The Firm employs approximately 8,177 registered representatives (including 1,586 registered principals), 184 operations professionals and 3,700 non-registered fingerprint employees.<sup>11</sup> The Firm does not presently employ any individuals who are subject to statutorily disqualification.

CGMI is approved to engage in the following lines of business:<sup>12</sup> exchange member engaged in exchange commission business other than floor activities; exchange member engaged in floor activities; broker or dealer making inter-dealer markets in corporate securities over-the-counter; broker or dealer retailing corporate equity securities over-the-counter; broker or dealer selling corporate debt securities; underwriter or selling group participant (corporate securities other than mutual funds); mutual fund retailer; U.S. government securities dealer; U.S. government securities broker; municipal securities dealer; municipal securities broker; broker or dealer selling variable life insurance or annuities; solicitor of time deposits in a financial institution; broker or dealer selling gas or oil interests; put and call broker or dealer or option writer; broker or dealer selling securities of non-profit organizations; investment advisory services; broker or dealer selling securities of non-profit organizations; investment advisory services; broker or dealer selling tax shelters or limited partnerships in primary distributions; broker or dealer selling tax shelters or limited partnerships in the secondary market; trading securities for own account; private placements of securities; broker or dealer selling interests in mortgages or other receivables; broker or dealer involved in a networking, kiosk, or similar arrangement with a bank, savings bank or association, or credit union; broker or dealer involved in a networking, kiosk, or similar arrangement with an insurance company or agency; engages in other securities business; effects transactions in commodity futures, commodities, commodity options as broker for others or dealer for own account; engages in other non-securities business such as a taxable municipal securities dealer; and as Citigroup Life Agency, LLC that engages in the sale of variable annuity contracts, variable life insurance and other insurance products.

The Firm is a member of the following self-regulatory organizations (“SROs”): BOX Exchange LLC (“BOX”); Cboe Exchange, Inc. (“Cboe”); Cboe BYX Exchange, Inc. (“BYX”); Cboe BZX Exchange, Inc. (“BZX”); Cboe C2 Exchange, Inc. (“C2”); Cboe EDGA Exchange, Inc. (“EDGA”); Cboe EDGX Exchange, Inc. (“EDGX”); Investors

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<sup>9</sup> See CRD Excerpt – Registration Status, attached as Exhibit 4.

<sup>10</sup> Verified by FINRA staff through a review of information contained in CRD, last performed on December 21, 2023.

<sup>11</sup> *Id.*

<sup>12</sup> See Excerpt from Firm CRD – Types of Business and Other Business Descriptions, collectively attached as Exhibit 5.

Exchange LLC (“IEX”); The Long-Term Stock Exchange, Inc. (“LTSE”); MEMX LLC (“MEMX”); MIAX Emerald, LLC (“MIAX Emerald”); MIAX Pearl, LLC (“MIAX Pearl”); Miami International Securities Exchange, LLC (“MIAX”); NYSE American LLC (“NYSE American”); NYSE Arca, Inc. (“NYSE Arca”); NYSE Chicago, Inc. (“NYSE Chicago”); NYSE National, Inc. (“NYSE National”); Nasdaq BX, Inc. (“BX”); Nasdaq GEMX, LLC (“GEMX”); Nasdaq ISE, LLC (“ISE”); Nasdaq MRX, LLC (“MRX”); Nasdaq PHLX LLC (“PHLX”); The Nasdaq Stock Market LLC (“Nasdaq”); New York Stock Exchange LLC (“NYSE”);<sup>13</sup> Municipal Securities Rulemaking Board (“MSRB”); The Depository Trust Company (“DTC”); the Fixed Income Clearing Corporation Government Securities Division (“FICC-GOV”) and Mortgage-Backed Securities Division (“FICC-MBS”); and the National Securities Clearing Corporation (“NSCC”).<sup>14</sup>

### **Recent Examinations**

In approximately the past two years, FINRA completed one routine examination and nine non-routine examinations of the Firm that resulted in Cautionary Action Letters (“CAL(s)”). The SEC did not complete any examinations of CGMI that resulted in findings.

#### **A. FINRA Routine Examination**

On July 20, 2022, FINRA completed a routine examination of the Firm that resulted in one exception and a CAL for failing to provide evidence that the Firm performed a reconciliation for securities held in its DTC Participant account.<sup>15</sup> The Firm acknowledged the exception and responded that the reconciliation failure was due to the migration of positions from a DTC participant account to another and that the Firm took immediate corrective action to obtain and include a feed for the account at issue in order to conduct reconciliation.<sup>16</sup> The Firm also represented that it established a new account to reflect positions in the account and updated its controls to ensure that any depository account impacted by a platform migration is subject to an active reconciliation until closed.<sup>17</sup>

#### **B. FINRA Non-Routine Examinations**

On March 10, 2023, FINRA issued a CAL to the Firm in connection with inaccurate reporting to the CAT affecting millions of equities and options events.<sup>18</sup> The Firm

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<sup>13</sup> See Exhibit 4.

<sup>14</sup> The Firm’s Membership was verified by FINRA staff through a search of public member directories, last performed on December 21, 2023.

<sup>15</sup> See Disposition Letter for Examination No. 20210693079 dated July 20, 2022, Examination Report dated June 21, 2022, and Firm Response dated June 28, 2022, collectively attached as Exhibit 6.

<sup>16</sup> *Id.* at FINRA p. 7.

<sup>17</sup> *Id.* at FINRA p. 8.

<sup>18</sup> See CAL for Examination No. 20220740835 dated March 10, 2023 and Firm Response dated March 24,

responded to the CAL noting that the violations were caused by errors that were subsequently corrected.<sup>19</sup>

On February 28, 2023, FINRA issued a CAL to the Firm for failing to timely report transactions to TRACE.<sup>20</sup> In response to the CAL, the Firm noted that it provided TRACE reporting requirements training and informal reminders to sales and trading staff and performed multiple supervisory reviews regarding timely reporting to TRACE.<sup>21</sup>

On February 21, 2023, FINRA issued a CAL to the Firm for failing to have adequate policies and procedures in place that were reasonably designed to review its Treasuries trading activity and to prevent a pattern or practice of self-trades resulting from orders originating from algorithms or its trading desks.<sup>22</sup> The Firm responded to the CAL indicating that it was working to assess and further develop the Firm's control framework regarding the prevention of a pattern or practice of self-trades and would issue a reminder to Global Rates staff regarding the importance of ensuring that trades in U.S. Treasury securities are executed internally, where possible.<sup>23</sup>

On January 27, 2023, FINRA issued a CAL to the Firm for failing to retain documentation showing the basis for relying on trade reporting exceptions for unregistered secondary distributions ("USD") and to create, maintain, and enforce supervisory procedures reasonably designed to comply with the trade reporting exception.<sup>24</sup> In its response to the CAL, the Firm noted that it modified its procedures to require the retention of documentation regarding its trading and reporting of USD.<sup>25</sup>

On June 14, 2022, FINRA issued a CAL to the Firm for failing to accurately report the capacity, price, and volume in TRACE-eligible Corporate Debt Securities transactions to TRACE and failing to maintain and enforce a supervisory system reasonably designed to ensure the accurate reporting to TRACE.<sup>26</sup> In response to the CAL, the Firm noted that it had enhanced certain procedures or processes relating to retail customer trade processing

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2023, collectively attached as Exhibit 7.

<sup>19</sup> *Id.* FINRA p. 3.

<sup>20</sup> See CAL for Examination No. 20220765710 dated February 28, 2023 and Firm Response dated March 14, 2023, collectively attached as Exhibit 8.

<sup>21</sup> *Id.* at FINRA p. 3.

<sup>22</sup> See CAL for Examination No. 20200677809 dated February 21, 2023 and Firm Response dated March 23, 2023, collectively attached as Exhibit 9.

<sup>23</sup> *Id.* at FINRA p. 3.

<sup>24</sup> See CAL for Examination No. 20200687017 dated January 27, 2023 and Firm Response dated March 3, 2023, collectively attached as Exhibit 10.

<sup>25</sup> *Id.* at FINRA pp. 4-6.

<sup>26</sup> See CAL for Examination Nos. 20210708078 and 20210710681 dated June 14, 2022 and Firm Response dated July 25, 2022, collectively attached as Exhibit 11.

and TRACE reporting and identified and deployed a system fix to address accurate TRACE reporting for corporate bond transactions.<sup>27</sup>

On June 10, 2022, FINRA issued a CAL to the Firm on behalf of BOX, MIAX, MIAX Pearl, and MIAX Emerald for incorrect origin codes for options orders submitted by the Firm on behalf of its affiliate Citibank N.A., and housing positions in the Firm's account without a proper non-conforming subordination agreement in place.<sup>28</sup> The Firm was not asked to submit a response.

On January 21, 2022, FINRA issued a CAL to the Firm for failing to maintain a supervisory system, including written supervisory procedures, that was reasonably designed to achieve compliance with FINRA and MSRB fair pricing rules.<sup>29</sup> The Firm was not asked to submit a response.

On January 7, 2022, FINRA issued a CAL to the Firm for violations arising from inaccurate TRACE reporting of agency debt securities.<sup>30</sup> The Firm was not asked to submit a response.

On December 21, 2021, FINRA issued a CAL advising the Firm that its routing of intermarket sweep orders and executions of Over-the Counter orders violated FINRA best execution rules, and its supervisory system was not reasonably designed to achieve compliance with the Firm's best execution obligations.<sup>31</sup> The Firm was not asked to submit a response.

### **Regulatory Actions**

The Firm has been the subject of 20 recent disciplinary actions resulting in four Letters of Acceptance, Waiver and Consent (“AWC”) entered into with FINRA; two AWCs with NYSE American; one AWC with NYSE Arca; one Letter of Consent each with Cboe, C2, BZX, and EDGX; three CME Group actions; one Disciplinary Notice issued by ICE Futures U.S. and one by ICE Futures Europe; one order issued by the Commodity Futures Trading Commission (“CFTC”); one action by the Bourse de Montreal, Inc. (the “Bourse”); and two orders issued by the SEC in addition to the one that resulted in the instant Application.

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<sup>27</sup> *Id.* at FINRA pp. 4-5.

<sup>28</sup> See CAL for Examination No. 20210707333 dated June 10, 2022, attached as Exhibit 12.

<sup>29</sup> See CAL for Examination No. 20180591481 dated January 21, 2022, attached as Exhibit 13.

<sup>30</sup> See CAL for Examination Nos. 20160518135 and 20160518301 dated January 7, 2022, attached as Exhibit 14.

<sup>31</sup> See CAL for Examination Nos. 20170560762 and 20180573826 dated December 21, 2021, attached as Exhibit 15.

### A. FINRA Actions

On September 11, 2023, FINRA accepted an AWC from CGMI to settle allegations that the Firm issued inaccurate trade confirmations to customers in violation of Exchange Act Rule 10b-10, Exchange Act Section 17(a), Exchange Act Rule 17a-3(a)(8), and FINRA Rules 2232, 4511, and 2010.<sup>32</sup> Consequently, CGMI consented to a censure and a \$250,000 fine,<sup>33</sup> which was paid on October 1, 2023.<sup>34</sup>

On December 15, 2022, FINRA accepted an AWC from CGMI to settle allegations that the Firm violated Rule 200(f) of Regulation SHO and FINRA Rule 2010 by improperly including securities positions of non-broker-dealer affiliates in two of its aggregation units when calculating the net positions of the aggregation units and failed to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance therewith.<sup>35</sup> For these violations, the Firm consented to a censure and a \$1.5 million fine and various undertakings.<sup>36</sup> The Firm paid the fine on January 3, 2023<sup>37</sup> and complied with the undertakings.<sup>38</sup>

On November 17, 2022, FINRA accepted an AWC from CGMI to settle allegations that the Firm violated Rule 606 of Regulation NMS and FINRA Rule 2010 when the Firm published inaccurate reports on its routing of non-directed orders in NMS securities and violated FINRA Rules 3110 and 2010 by failing to establish and maintain a supervisory system and written supervisory procedures reasonably designed to achieve compliance with Rule 606.<sup>39</sup> Consequently, the Firm consented to a censure and a fine of \$100,000,<sup>40</sup> which was paid on November 30, 2022.<sup>41</sup>

### B. FINRA, NYSE American and NYSE Arca Actions

On September 13 and 26, 2023, CGMI resolved three parallel matters through AWCs

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<sup>32</sup> See FINRA AWC No. 2019062946601 dated September 11, 2023, attached as Exhibit 16.

<sup>33</sup> *Id.* at p. 3.

<sup>34</sup> See Form U6, attached as Exhibit 17 at p. 3 Item 13.

<sup>35</sup> See FINRA AWC No. 2018057494001 dated December 15, 2022, attached as Exhibit 18.

<sup>36</sup> *Id.* at p. 3.

<sup>37</sup> See Form U6 and Certification dated June 12, 2023, collectively attached as Exhibit 19, at FINRA pp. 2-3 Item 13.

<sup>38</sup> *Id.* at FINRA pp. 4-6.

<sup>39</sup> See FINRA AWC No. 2019063024201 dated November 17, 2022, attached as Exhibit 20.

<sup>40</sup> *Id.* at p. 3.

<sup>41</sup> See Form U6, attached as Exhibit 21 at p. 3 Item 13.

issued by FINRA on behalf of itself, NYSE American and NYSE Arca.<sup>42</sup> Collectively, the AWCs addressed misconduct concerning violations of SEA Rule 14e-4 whereby the Firm over-tendered shares in partial tender offers and failed to have a supervisory system and written supervisory procedures reasonably designed to achieve compliance with Exchange Act Rule 14e-4.<sup>43</sup> CGMI consented to a censure and a combined fine in the amount of \$2.5 million (\$833,334 payable to FINRA, and \$833,333 payable to each NYSE Arca and NYSE American) and disgorgement of \$5,771,489 (allocated evenly among the three regulators).<sup>44</sup> All fines and disgorgement were paid on October 8, 2023.<sup>45</sup>

### C. NYSE American Action

On March 14, 2023, NYSE American accepted an AWC from CGMI to settle allegations that it violated NYSE American Rule 16 by failing to adhere to principles of good business practice in its handling of a customer options order on one occasion.<sup>46</sup> Consequently, the Firm consented to a censure and a fine of \$45,000,<sup>47</sup> which was paid on April 7, 2023.<sup>48</sup>

### D. CFTC Action

On September 27, 2022, the CFTC issued an order finding that CGMI violated Sections 4s(f)(1)(C), 4s(g)(1) and (3), and 4s(h)(1)(B) of the Commodity Exchange Act (“Act”) (7 U.S.C. §§ 6s(f)(1)(C), 6s(g)(1), (3), 6s(h)(1)(B)), Regulations 1.31, 23.201(a), 23.202(a)(1) and (b)(1), and 23.602(a) (17 C.F.R. §§ 1.31, 23.201(a), 23.202(a)(1), (b)(1), 23.602(a) (2021)), Section 4g of the Act (7 U.S.C. § 6g), and Regulations 1.35 and 166.3 (17 C.F.R. §§ 1.35, 166.3 (2021)).<sup>49</sup> These violations were based on the same misconduct underlying the SEC Order that is the subject of the Firm’s Application. The Firm was ordered to cease and desist from violating the above cited sections of the Act and Commission Regulations, to pay a \$75 million fine, and to comply with various undertakings pertaining to the Firm’s

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<sup>42</sup> See FINRA AWC No. 2020066141101 dated September 26, 2023; NYSE American AWC No. 2020066141102 dated September 13, 2023; and NYSE Arca AWC No. 2020066141103 dated September 13, 2023, collectively attached as Exhibit 22.

<sup>43</sup> *Id.* at FINRA p. 4.

<sup>44</sup> *Id.* at FINRA pp. 4-5, 14, 24.

<sup>45</sup> See Form U6, attached as Exhibit 23 at p. 3 Item 13. Staff also confirmed that payment included disgorgement.

<sup>46</sup> See NYSE American AWC No. 2022-06-30-00019 dated March 14, 2023, attached as Exhibit 24.

<sup>47</sup> *Id.* at p. 2.

<sup>48</sup> See Firm’s Discovery Responses dated April 12, 2023 and November 15, 2023, collectively attached as Exhibit 25 at FINRA p. 2 Item 3; FINRA p. 41.

<sup>49</sup> See *In re Citibank, N.A.; Citigroup Energy Inc.; and Citigroup Global Markets Inc.*, CFTC Docket No. 22-46 (Sept. 27, 2022), attached as Exhibit 26, at pp. 2-3. FINRA has determined that this is not a disqualifying event.

preservation of records related to electronic communications.<sup>50</sup> The Firm represented that it paid the fine on October 7, 2022, engaged a Compliance Consultant in accordance with CFTC Order, and submitted periodic reports to the CFTC as required.<sup>51</sup>

#### E. Cboe, C2, BZX and EDGX Actions

On November 17, 2022, Cboe, C2, BZX, and EDGX (the “Exchanges”) issued Disciplinary Decisions, incorporating separate Letters of Consent, that found CGMI mismarked options orders on behalf of its affiliate Citibank N.A. and cleared those options trades that were marked with an incorrect capacity code through the Firm’s Options Clearing Account without a proper non-conforming subordination agreement in place, in violation of the Exchanges’ Rules.<sup>52</sup> Thus, the Firm’s books and records did not reflect the capacity code for the affiliate’s trades, a violation of the Exchanges’ Rules and Exchange Act Section 17(a).<sup>53</sup> CGMI also failed to establish, maintain, and enforce written supervisory procedures reasonably designed to prevent and detect violations of the Exchanges’ Rules.<sup>54</sup> For these violations, the Firm was censured and ordered to pay an aggregate fine of \$75,000 (\$42,200 payable to Cboe; \$10,315 payable to C2; \$12,135 payable to BZX; and \$10,350 payable to EDGX).<sup>55</sup> All fines were paid on November 30, 2022.<sup>56</sup>

#### F. ICE Futures Actions

On November 9, 2023, CGMI settled charges brought by ICE Futures Europe for failing to comply with Exchange Rules C.4, G.17.5, P.2(a)(ii), A.11.1(a)(b) and (d), and B.3C(b) by inaccurately reporting client positions to the exchange and ICE Clear Europe through its Large Trader and Gross Customer Margin reports.<sup>57</sup> The Firm agreed to pay a monetary penalty of £584,500 (approximately \$738,422), which was paid.<sup>58</sup>

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<sup>50</sup> *Id.* at pp. 10-14.

<sup>51</sup> See Exhibit 25 at FINRA p. 2 Item 2; FINRA p. 40.

<sup>52</sup> See Cboe Disciplinary Decision and Letter of Consent, *In re Citigroup Global Markets Inc.*, File No. URE-7-01 (Nov. 17, 2022); C2 Disciplinary Decision and Letter of Consent, *In re Citigroup Global Markets Inc.*, File No. URE-7-02 (Nov. 17, 2022); BZX Disciplinary Decision and Letter of Consent, *In re Citigroup Global Markets Inc.*, File No. URE-7-03 (Nov. 17, 2022); and EDGX Disciplinary Decision and Letter of Consent, *In re Citigroup Global Markets Inc.*, File No. URE-7-04 (Nov. 17, 2022), collectively attached as Exhibit 27.

<sup>53</sup> *Id.* at FINRA pp. 5, 12, 19, and 25.

<sup>54</sup> *Id.* at FINRA pp. 5, 13, 19, and 26.

<sup>55</sup> *Id.* at FINRA pp. 6, 13, 20, and 27.

<sup>56</sup> See Exhibit 25 at FINRA p. 3 Item 5; FINRA p. 48.

<sup>57</sup> See ICE Futures Europe Disciplinary Notice, Circular 23/172 (Nov. 9, 2023) and BD Amendment December 5, 2023, collectively attached as Exhibit 28.

<sup>58</sup> *Id.* at FINRA p. 5 Item 13.

On October 12, 2022, CGMI settled charges brought by ICE Futures U.S. for violating its Exchange Rules 6.15(a) and 4.01(a) by failing to submit accurate daily large trader reports on reportable customer positions and supervise its employees on accurate position reporting.<sup>59</sup> The Firm agreed to pay a monetary penalty of \$90,000, which was paid on October 31, 2022.<sup>60</sup>

#### G. CME Group Actions

On August 21, 2023, the CME Group issued a Notice of Summary Action finding that CGMI trade data entry errors exceeded the threshold level mandated by Rule 536.F.<sup>61</sup> The Firm was fined \$2,500, which was paid on September 28, 2023.<sup>62</sup>

On March 16, 2023, the CME Group issued a Notice of Disciplinary Action which found that CGMI violated Customer Gross Margining Technical Overview Requirements and CME Rule 980.G.<sup>63</sup> The Firm was fined \$1 million, which was paid on April 25, 2023.<sup>64</sup>

On August 18, 2023, the CME Group issued a Notice of Disciplinary Action which found that CGMI violated CBOT Rule 980.A.<sup>65</sup> The Firm was fined \$150,000.<sup>66</sup> The fine was paid on September 25, 2023.<sup>67</sup>

#### H. Foreign Regulatory Action

On January 12, 2023, the Disciplinary Committee of the Bourse accepted an offer of settlement following a hearing on a complaint that alleged that CGMI a) provided access to certain of its employees to the electronic trading system of the Bourse without having obtained prior approval and b) failed to establish and maintain a system to supervise the activities of its employees that is reasonably designed to achieve compliance with Bourse

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<sup>59</sup> See ICE Futures U.S. Disciplinary Notice, Case No. 2021-012 (Oct. 12, 2022), attached as Exhibit 29.

<sup>60</sup> See Exhibit 25 at FINRA p. 3 Item 6, FINRA p. 49.

<sup>61</sup> See Notice of Summary Action, *In re Citigroup Global Markets Inc.*, File No. CME DQA-23-1247 (Aug. 21, 2023); Notice of Disciplinary Action, *In re Citi Global Markets Inc.*, File No. 22-CH-2208 (Mar. 16, 2023), collectively attached as Exhibit 30.

<sup>62</sup> See Exhibit 25 at FINRA p. 52 Item 9, FINRA p. 65.

<sup>63</sup> See Exhibit 30 at FINRA p. 3.

<sup>64</sup> See Exhibit 25 at FINRA p. 52 Item 9, FINRA p. 66.

<sup>65</sup> See Notice of Disciplinary Action, *In re Citigroup Global Markets, Inc.*, File No. 23-CH-2317 (Aug. 18, 2023), attached as Exhibit 31.

<sup>66</sup> *Id.*

<sup>67</sup> See Exhibit 25 at FINRA p. 52 Item 8; FINRA p. 64.

Rules.<sup>68</sup> For these violations, the Bourse imposed a CAD \$115,000 fine (approximately \$86,347.75 USD) and CAD \$6,085 (approximately \$4,568.92 USD) in related costs, which were paid on January 31, 2023.<sup>69</sup>

### I. Other Statutory Disqualifying Orders

In the past five years, CGMI was the subject of two statutory disqualifying orders that were issued by the SEC but did not require the filing of a SEA Rule 19h-1 Notice with the Commission.

On September 28, 2023, the SEC issued an Order finding that CGMI and its affiliates willfully violated Section 17(a)(1) of the Exchange Act and Rules 15l-1(a)(1) and 17a-14(f)(3) thereunder for making securities recommendations to retail customers without complying with the disclosure requirements of Regulation Best Interest and the requirement to deliver the Form Client Relationship Summary.<sup>70</sup> Consequently, CGMI was ordered to cease-and-desist from committing or causing any violations and any future violations of the above-stated Exchange Act sections, and the Firm was also censured and ordered to pay a \$1.975 million civil penalty, jointly and severally.<sup>71</sup>

On August 29, 2023, the SEC issued an order finding that CGMI willfully violated Section 17(a) of the Exchange Act and Rule 17a-3 thereunder for failing to make and keep current books and records concerning expenses that the Firm incurred in connection with its underwriting of securities offerings.<sup>72</sup> Consequently, CGMI was ordered to cease-and-desist from committing or causing any violations and any future violations of the above-stated Exchange Act sections, and the Firm was also censured and ordered to pay a \$2.9 million civil penalty.<sup>73</sup>

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<sup>68</sup> See Decision filed by the Disciplinary Committee of the Bourse de Montreal Inc., File No. EN-DC-22001, dated January 12, 2023 and Disciplinary Decision-Offer of Settlement, *In re Citigroup Global Markets Inc.*, Circular 022-23 (Feb. 8, 2023), collectively attached as Exhibit 32.

<sup>69</sup> See Exhibit 25 at FINRA p. 3 Item 4; FINRA p. 47.

<sup>70</sup> See *In re Citigroup Global Markets, Inc. et. al.*, Exchange Act Release No. 98609 (Sept. 28, 2023), attached as Exhibit 33. This order subjects the Firm to statutory disqualification, as defined by Exchange Act Section 3(a)(39)(F), which incorporates by reference Section 15(b)(4)(D).

<sup>71</sup> *Id.* at p. 7. The Firm submitted an affirmation to FINRA on October 26, 2023 stating that sanctions are no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules. *See also FINRA Regulatory Notice 09-19* (June 15, 2009). As such, a 19h-1 Notice was not filed in connection with this matter.

<sup>72</sup> See *In re Citigroup Global Markets Inc.*, Exchange Act Release No. 98238 (Aug. 29, 2023), attached as Exhibit 34. This order subjects the Firm to statutory disqualification, as defined by Exchange Act Section 3(a)(39)(F), which incorporates by reference Section 15(b)(4)(D).

<sup>73</sup> *Id.* at p. 4. The Firm submitted an affirmation to FINRA on September 20, 2023 stating that sanctions are no longer in effect. Since there are no sanctions in effect for statutory disqualification purposes, an application to continue in membership is no longer required under FINRA rules. As such, a 19h-1 Notice was not filed in connection with this matter.

## V. Prior SEA Rule 19h-1 Notices

FINRA filed four prior Rule 19h-1 Notices approving CGMI's continued membership notwithstanding the existence of its statutory disqualifications.

On May 2, 2017, FINRA filed a Rule 19h-1 Notice approving CGMI's continued membership notwithstanding the existence of its statutory disqualifications as a result of an August 19, 2015 SEC Order finding that the Firm willfully violated Section 15(g) of the Exchange Act and Section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-7.<sup>74</sup> The SEC acknowledged FINRA's Notice on June 1, 2017.<sup>75</sup>

On September 8, 2016, FINRA filed a Rule 19h-1 Notice approving CGMI's continued membership notwithstanding the existence of its statutory disqualification as a result of a Final Judgment entered on August 5, 2014 permanently enjoining the Firm from violating Sections 17(a)(2) and (3) of the Securities Act of 1933 ("Securities Act") in the offer or sale of any security or securities-based swap agreement.<sup>76</sup> The SEC acknowledged FINRA's Notice on April 20, 2017.<sup>77</sup>

On August 10, 2015, FINRA filed a Rule 19h-1 Notice approving CGMI's continued membership notwithstanding the existence of its statutory disqualification as a result of a June 18, 2015 SEC order finding that the Firm willfully violated Securities Act Section 17(a)(2) for due diligence failures in connection with municipal securities offerings for which CGMI acted as either a senior or sole underwriter.<sup>78</sup> The SEC acknowledged FINRA's Notice on August 20, 2015.<sup>79</sup>

On January 9, 2013, FINRA filed a Rule 19h-1 Notice approving CGMI's continued membership notwithstanding the existence of its statutory disqualification as a result of a December 28, 2008 Judgement permanently enjoining the Firm from violating Section 15(c) of the Exchange Act and was based on a complaint issued by the Commission alleging that the Firm mislead customers regarding the nature and risks of auction rate securities that the Firm underwrote, marketed, and sold.<sup>80</sup> The SEC acknowledged

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<sup>74</sup> See *In re the Continued Membership of Citigroup Global Markets, Inc.*, SD-2082 (FINRA May 2, 2017), and SEC's Letter of Acknowledgement dated June 1, 2017, collectively attached as Exhibit 35.

<sup>75</sup> *Id.* at FINRA p. 13.

<sup>76</sup> See *In re the Continued Membership of Citigroup Global Markets Inc.*, SD-2048 (FINRA NAC Sept. 8, 2016), and SEC's Letter of Acknowledgement dated April 20, 2017, collectively attached as Exhibit 36.

<sup>77</sup> *Id.* at FINRA p. 11.

<sup>78</sup> See *In re the Continued Membership of Citigroup Global Markets Inc. et al.*, SD-MCDC-031, SD-MCDC-033, SD-MCDC-003 (FINRA Aug. 10, 2015), and SEC's Letter of Acknowledgement dated August 20, 2015, collectively attached as Exhibit 37.

<sup>79</sup> *Id.* at FINRA p. 6.

<sup>80</sup> See *In re the Continued Membership of Citigroup Global Markets, Inc.*, SD-1759 (FINRA NAC Jan. 9, 2013), and SEC's Letter of Acknowledgement dated July 2, 2013, collectively attached as Exhibit 38.

FINRA's Notice on July 2, 2013.<sup>81</sup>

## **VI. The Firm's Proposed Continued Membership with FINRA Plan of Heightened Supervision**

The Firm seeks to continue its membership with FINRA notwithstanding its status as a disqualified member. The Firm has agreed to the following Plan of Heightened Supervision as a condition of its continued membership with FINRA ("Supervision Plan" or "Plan").<sup>82</sup>

Citigroup Global Markets Inc. (the "Firm") is subject to statutory disqualification pursuant to 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission dated September 27, 2022, which found that the Firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder. The order also found that the Firm failed to reasonably supervise its employees within the meaning of Section 15(b)(4)(E).

For the purpose of this Supervision Plan, the term "Digital Communication Channels" means all written electronic methods of communication used to conduct Firm business, including but not limited to, text message platforms, whether via SMS messaging, iMessage, or other messaging services such as WhatsApp; direct messaging platforms including X f/k/a "Twitter," Instagram, LinkedIn, Slack, or Bloomberg Messaging; non-firm domain email accounts; and any other written electronic business-related correspondence. "Digital Communication Channels" encompass platforms used to exchange messages with internal or external stakeholders using either a personal or Firm-provided device.

For the purpose of this Supervision Plan, the term "Off-Channel Communications" means all business-related written electronic messages required to be maintained under Rule 17a-4 sent on Digital Communication Channels that are not captured by Firm surveillance and record-keeping systems.

In consenting to this Supervision Plan, the Firm agrees to the following:

1. The Firm shall comply with all of the undertakings outlined in the Securities and Exchange Commission ("SEC" or "Commission") Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 15(b) and 21(C) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, *In re Citigroup Global Markets Inc.*, Admin. Proc. 3-21165 (September 27, 2022) ("SEC Order").

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<sup>81</sup> *Id.* at FINRA p. 11.

<sup>82</sup> See Executed Consent to Plan of Heightened Supervision dated January 3, 2024, attached as Exhibit 39.

2. The Firm shall maintain copies of all correspondence between the Firm and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm shall provide FINRA's Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified in the SEC Order. The Firm shall maintain copies of all certifications in a readily accessible place for ease of review by FINRA staff.
4. The Firm shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
5. Within six months of the SEC's Letter of Acknowledgement ("LOA") in this matter, to the extent that it has not already done so within the past six months, and on at least an annual basis thereafter, for a term of six years from the date of the LOA, the Firm shall conduct training for all associated persons regarding the Digital Communication Channels that the Firm has approved for business communication, along with the Firm's current policies regarding retention of business-related electronic communications. The Firm shall maintain a record of individual completion of said training and a copy of said training materials in a readily accessible place for ease of review by FINRA staff.
6. The Firm shall conduct the training described in item number 5 above for all new hires, within 65 days from the date of commencement of new hire training, for a term of six years from the date of the LOA. The Firm shall retain a record of all new hire training, including a copy of all written training materials, and keep said record(s) in a readily accessible place for ease of review by FINRA staff.
7. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, establish and maintain a written list(s) of all Digital Communication Channels that its associated persons are permitted to use to communicate about Firm business. The list(s) shall be circulated to all of the Firm's associated persons at least on a semi-annual basis, for a term of six years from the date of the LOA. The Firm shall require that all associated persons obtain written approval for use of any Digital Communication Channels to communicate about Firm business that are not already on the approved list(s) maintained by the Firm. The Firm shall maintain a record of all requests and approvals or rejections of each request, including the date of the requests and the Firm's decision. The Firm shall maintain copies of such requests and decisions in a readily accessible place for ease of review by FINRA staff.
8. The Firm shall require all associated persons to disclose on at least a semi-annual basis, for a term of six years from the date of the LOA, any unapproved Digital

Communication Channels he/she is using to communicate about Firm business. The Firm shall retain records of such disclosures in a readily accessible place for ease of review by FINRA staff.

9. Subject to Paragraph 7 above, the Firm shall prohibit associated persons from using Off-Channel Communications.
10. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop a process whereby, in the event that an associated person sends or receives an Off-Channel Communication, the Off-Channel Communication is submitted to the Firm and retained in compliance with relevant securities laws and regulations. For a term of six years from the date of the LOA, the Firm shall maintain a record of all such Off-Channel Communications, including a record of the Firm's receipt of the communication, in a readily accessible place for ease of review by FINRA staff.
11. Within 90 days of the LOA, the Firm shall, to the extent that it has not already done so, develop and maintain written policies and procedures detailing the Firm's processes for disciplining associated persons who utilize Off-Channel Communications to communicate about Firm business. When the Firm utilizes the disciplinary process, the Firm shall document each instance. The Firm shall retain records of such written policies and procedures and records of the disciplinary processes and each outcome. The Firm's written policies and procedures will be owned by Human Resources.
12. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA's Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).
13. The Firm shall obtain written approval from FINRA's Statutory Disqualification Group prior to changing any provision of the Supervision Plan.
14. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).

## **VII. Discussion**

After carefully reviewing the entire record in this matter, FINRA approves the Firm's request to continue its membership with FINRA, subject to the terms and conditions set forth herein. In evaluating CGMI's Application, FINRA assessed whether the Firm has demonstrated that its continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. *See* FINRA By-Laws, Art. III, Sec. 3(d); *cf. Frank Kufrovich*, 55 S.E.C. 616, 624 (2002) (holding that FINRA "may deny an application by a firm for association with a statutorily disqualified individual if it determines that employment under the proposed plan would not be consistent with the public interest and the protection of investors"). Typically, factors that bear on FINRA's assessment include, among other things, the nature and gravity of the statutorily

disqualifying misconduct, the time elapsed since its occurrence, the restrictions imposed, the Firm's regulatory history, and whether there has been any intervening misconduct.

As of the date of this Notice, FINRA has determined that the Firm's continued membership is consistent with the public interest and does not create an unreasonable risk of harm to investors or the markets. While the SEC Order identified serious violations of securities laws, the Firm was not expelled or suspended, nor were any limitations placed on CGMI's securities activities. Although the SEC Order triggered certain disqualifications from exemptions from registration available under the Securities Act of 1933 ("Securities Act"), specifically Regulations A, D and E of the Securities Act and Regulation Crowdfunding, the SEC granted the Firm a waiver from the application of the disqualification provisions of Rules 262(a)(4)(ii), 506(d)(1)(iv)(B), and 602(c)(3) of the Securities Act and Rule 503(a)(4)(ii) of Regulation Crowdfunding. Moreover, the full amount of the civil monetary penalty was promptly paid, and the Firm promptly paid the sums owed to the CFTC based on an order with similar findings as the disqualifying one. Additionally, the Firm represented that it is in compliance with the ordered undertakings.

Member Supervision also acknowledges that within the SEC Order the Commission considered the Firm's prompt remedial actions and cooperation with the Commission when determining to accept the Offer of Settlement. Specifically, the Commission acknowledged that CGMI enhanced its policies and procedures, increased training concerning the use of approved communications methods including on personal devices, and began implementing significant changes to the technology available to employees.<sup>83</sup> CGMI also represented that prior to the SEC Order it established an enterprise-wide Operating Committee to review and evaluate potential enhancements to employee training, communications to employees, investigation protocols, and enhancement to technology for the retention of communications on personal devices. The Firm further implemented a pilot corporate device program for employees and those communications are surveilled and retained by CGMI.

It is well settled that a firm's regulatory history bears upon the assessment of its ability to comply with securities law and regulations. *See In the Matter of the Continued Association of Craig Scott Taddonio with Meyers Associate, L.P.*, SD-2117, slip op. at 24-25 (FINRA NAC March 8, 2017). However, the corrective measures taken by firms to address deficiencies are weighed in determining whether to approve applications. *See In the Matter of the Association of X with the Sponsoring Firm*, SD11007 (FINRA NAC Jan. 1, 2011) (where a firm's corrective actions negated Member Regulation's assertion that the firm failed to appreciate or respect securities rules and regulations). FINRA has also previously approved applications for continued membership where the firms had extensive regulatory history, including disqualifying events. *See In the Matter of the Continued Membership of Deutsche Bank Securities, Inc.*, SD-2190, (FINRA Jan. 14, 2020) and *In the Matter of the Continued Membership of Citigroup Global Markets, Inc.*, SD-2082, (FINRA May 2, 2017) (approving continued membership where the firms had extensive regulatory history, including recent disqualifying events).

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<sup>83</sup> See Exhibit 2 at p. 6.

In evaluating the Firm's Application, FINRA acknowledges the Firm's recent regulatory and disciplinary history, as well as its additional statutory disqualifying events. Member Supervision also notes that, as of the date of this Notice, the Firm has paid all fines and complied with all undertakings ordered by regulators. None of these matters would prevent the continuance of the Firm as a FINRA member. With respect to the Firm's recent examination findings and exceptions, the Firm took steps to resolve them including by taking immediate corrective action to obtain and include feed data for the account at issue in order to conduct reconciliation. The Firm also represented that it established a new account to reflect positions in the account and updated its controls to ensure that the depository account impacted by a platform migration is subject to an active reconciliation until closed.

FINRA is further reassured by the controls set in place by the Firm's Supervision Plan which bolsters the undertakings outlined in the SEC Order and will continue to provide oversight of the Firm and compliance with its remaining undertakings. In accordance with the Plan, the Firm agreed to conduct annual training for all associated persons, including new hires, regarding the Firm's approved digital communication methods and record retention policies for electronic communications. Further, the Plan calls for the Firm to maintain a list of approved digital communication methods that associated persons are permitted to use for Firm business and to circulate that list to its associated persons semi-annually. The Plan requires the Firm's associated persons to obtain written approval to use digital communication channels not already approved. The Plan prohibits the use of off-channel communications and requires associated persons to semi-annually disclose any unapproved digital communication methods they are using for Firm business; they must also forward any off-channel communications that may have taken place to the Firm for retention purposes. These provisions will help to ensure that the Firm is aware of the communication methods being used by associated persons so that it can appropriately monitor, capture, and retain those communications. Additionally, the Plan mandates that the Firm develop policies and procedures for disciplining associated persons who use unapproved communication methods for Firm business and segregate all certifications, reports, and supporting documentation submitted to the SEC regarding compliance with the undertakings, for ease of review by FINRA staff to ensure ongoing compliance.

The Department is further reassured by the progress the Firm has made on the undertakings required by the SEC. Specifically, the Firm retained a compliance consultant who is reviewing the Firm's policies, procedures, and training, and the Firm has provided the SEC Staff with updates regarding any disciplinary actions taken at the Firm related to potential violations of its policies and procedures regarding preservation of electronic communication.

Following the approval of the Firm's continued membership in FINRA, FINRA also intends to utilize its examination and surveillance processes to monitor the Firm's continued compliance with the standards prescribed by Exchange Act Rule 19h-1 and FINRA Rule 9523.

Thus, FINRA is satisfied, based on the foregoing and on the Firm's representations made

pursuant to the Supervision Plan, that the Firm's continued membership in FINRA is consistent with the public interest and does not create an unreasonable risk of harm to the market or investors. Accordingly, FINRA approves CGMI's Application to continue its membership with FINRA.

FINRA certifies that the Firm meets all qualification requirements and represents that the Firm is registered with several other SROs including BOX; Cboe; BYX; BZX; C2; EDGA; EDGX; IEX; LTSE; MEMX; MIAX Emerald; MIAX Pearl; MIAX; NYSE American; NYSE Arca; NYSE Chicago; NYSE National; BX; GEMX; ISE; MRX; PHLX; Nasdaq; NYSE; DTC; FICC-GOV; FICC-MBS; and NSCC. The SROs have been provided with the terms and conditions of CGMI's proposed continued membership, and they concur with FINRA.

In conformity with the provisions of Rule 19h-1 of the Exchange Act, the continued membership of the Firm will become effective within 30 days of the receipt of this Notice by the Commission, unless otherwise notified by the SEC.

On Behalf of FINRA,



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Marcia E. Asquith  
Executive Vice President & Corporate Secretary

EXHIBIT  
SD-2348

1. MC-400A Application and related attachments compiled by CRED, with a cover memorandum dated October 28, 2022.
2. SEC Order, *In re Citigroup Global Markets Inc.*, Exchange Act Release No. 95920 (Sept. 27, 2022).
3. *In re Certain Broker-Dealer Practices*, Securities Act Release No. 11109 (Sept. 27, 2022).
4. CRD Excerpt - Registration Status.
5. Excerpt from Firm CRD – Types of Business and Other Business Descriptions.
6. Disposition Letter for Examination No. 20210693079 dated July 20, 2022, Examination Report dated June 21, 2022, and Firm Response dated June 28, 2022.
7. CAL for Examination No. 20220740835 dated March 10, 2023 and Firm Response dated March 24, 2023.
8. CAL for Examination No. 20220765710 dated February 28, 2023 and Firm Response dated March 14, 2023.
9. CAL for Examination No. 20200677809 dated February 21, 2023 and Firm Response dated March 23, 2023.
10. CAL for Examination No. 20200687017 dated January 27, 2023 and Firm Response dated March 3, 2023.
11. CAL for Examination Nos. 20210708078 and 20210710681 dated June 14, 2022 and Firm Response dated July 25, 2022.
12. CAL for Examination No. 20210707333 dated June 10, 2022.
13. CAL for Examination No. 20180591481 dated January 21, 2022.
14. CAL for Examination Nos. 20160518135 and 20160518301 dated January 7, 2022.
15. CAL for Examination Nos. 20170560762 and 20180573826 dated December 21, 2021.

16. FINRA AWC No. 2019062946601 dated September 11, 2023.
17. Form U6.
18. FINRA AWC No. 2018057494001 dated December 15, 2022.
19. Form U6 and Certification dated June 12, 2023.
20. FINRA AWC No. 2019063024201 dated November 17, 2022.
21. Form U6.
22. FINRA AWC No. 2020066141101 dated September 26, 2023; NYSE American AWC No. 2020066141102 dated September 13, 2023; and NYSE Arca AWC No. 2020066141103 dated September 13, 2023.
23. Form U6.
24. NYSE American AWC No. 2022-06-30-00019 dated March 14, 2023.
25. Firm's Discovery Responses dated April 12, 2023 and November 15, 2023.
26. *In re Citibank, N.A.; Citigroup Energy Inc.; and Citigroup Global Markets Inc.*, CFTC Docket No. 22-46 (Sept. 27, 2022).
27. Cboe Disciplinary Decision and Letter of Consent, *In re Citigroup Global Markets Inc.*, File No. URE-7-01 (Nov. 17, 2022); C2 Disciplinary Decision and Letter of Consent, *In re Citigroup Global Markets Inc.*, File No. URE-7-02 (Nov. 17, 2022); BZX Disciplinary Decision and Letter of Consent, *In re Citigroup Global Markets Inc.*, File No. URE-7-03 (Nov. 17, 2022); and EDGX Disciplinary Decision and Letter of Consent, *In re Citigroup Global Markets Inc.*, File No. URE-7-04 (Nov. 17, 2022).
28. ICE Futures Europe Disciplinary Notice, Circular 23/172 (Nov. 09, 2023) and BD Amendment December 5, 2023.
29. ICE Futures U.S. Disciplinary Notice, Case No. 2021-012 (Oct. 12, 2022).
30. Notice of Summary Action, *In re Citigroup Global Markets Inc.*, File No. CME-DQA-23-1247 (Aug. 21, 2023); Notice of Disciplinary Action, *In re Citi Global Markets Inc.*, File No. 22-CH-2208 (Mar. 16, 2023).
31. Notice of Disciplinary Action, *In re Citigroup Global Markets, Inc.*, File No. 23-CH-2317 (Aug. 18, 2023).

32. Decision filed by the Disciplinary Committee of the Bourse de Montreal Inc., File No. EN-DC-22001, dated January 12, 2023 and Disciplinary Decision-Offer of Settlement, *In re Citigroup Global Markets Inc.*, Circular 022-23 (Feb. 8, 2023).
33. *In re Citigroup Global Markets, Inc. et. al.*, Exchange Act Release No. 98609 (Sept. 28, 2023).
34. *In re Citigroup Global Markets Inc.*, Exchange Act Release No. 98238 (Aug. 29, 2023).
35. *In re the Continued Membership of Citigroup Global Markets, Inc.*, SD-2082 (FINRA May 2, 2017), and SEC's Letter of Acknowledgement dated June 1, 2017.
36. *In re the Continued Membership of Citigroup Global Markets Inc.*, SD-2048 (FINRA NAC Sept. 8, 2016), and SEC's Letter of Acknowledgement dated April 20, 2017.
37. *In re the Continued Membership of Citigroup Global Markets Inc. et al.*, SD-MCDC-031, SD-MCDC-033, SD-MCDC-003 (FINRA Aug. 10, 2015), and SEC's Letter of Acknowledgement dated August 20, 2015.
38. *In re the Continued Membership of Citigroup Global Markets, Inc.*, SD-1759 (FINRA NAC Jan. 9, 2013), and SEC's Letter of Acknowledgement dated July 2, 2013.
39. Executed Consent to Plan of Heightened Supervision, dated January 3, 2024.

## Exhibit A

### Plan of Heightened Supervision

Citigroup Global Markets Inc. (the “Firm”) is subject to statutory disqualification pursuant to Section 3(a)(39)(F) of the Securities Exchange Act of 1934, which incorporates by reference Sections 15(b)(4)(D) & (E), as a result of an order issued by the U.S. Securities and Exchange Commission (“SEC” or “Commission”) dated September 27, 2022, which found that the Firm willfully violated Section 17(a) of the Securities Exchange Act of 1934 and Rule 17a-4(b)(4) thereunder (“SEC Order”). The SEC Order also found that the Firm failed reasonably to supervise its employees within the meaning of Section 15(b)(4)(E).

In consenting to this Supervision Plan<sup>1</sup> (“Supervision Plan”), the Firm agrees to the following:

1. The Firm shall comply with all the undertakings outlined in the SEC Order.
2. The Firm shall maintain copies of all correspondence between the Firm and Commission staff relating to the SEC Order, including documenting when Commission staff grants extensions to the deadlines set forth in the SEC Order. The Firm shall maintain copies of all such correspondence in a readily accessible place for ease of review by FINRA staff.
3. The Firm shall maintain copies of all reports and supporting documentation submitted to SEC staff in accordance with the SEC Order, as well as any other documentation needed to evidence the status and completion of each of the undertakings outlined in the SEC Order. The Firm shall maintain copies of such documentation in a readily accessible place for ease of review by FINRA staff.
4. The Firm shall provide FINRA’s Statutory Disqualification Group with copies of all certifications submitted to the SEC upon completion of the undertakings as specified under paragraph 35 of the SEC Order.
5. This Supervision Plan shall take effect on the date the Firm executes its consent to this Supervision Plan. The Supervision Plan shall be in effect until FINRA’s receipt of the Firm’s final certifications required by the SEC Order, after which time the Supervision Plan and its provisions thereto will expire.
6. All requested documents and certifications under this Supervision Plan shall be sent directly to FINRA’s Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).
7. The Firm shall obtain written approval from FINRA’s Statutory Disqualification Group prior to changing any provision of the Supervision Plan.

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<sup>1</sup> This Supervision Plan supersedes the Firm’s previous Supervision Plan executed on January 3, 2024.

8. The Firm shall submit any proposed changes or other requested information under this Supervision Plan to FINRA's Statutory Disqualification Group at [SDMailbox@FINRA.org](mailto:SDMailbox@FINRA.org).