

**THE NASDAQ STOCK MARKET LLC
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: Citigroup Global Markets Inc.
Mr. Joshua E. Levine
Managing Director
388 Greenwich Street
New York, NY 10013**

**FROM: The NASDAQ Stock Market LLC ("Nasdaq")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Market Regulation
9509 Key West Avenue
Rockville, MD 20850**

DATE: June 9, 2017

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20130354629-04

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **June 9, 2017** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

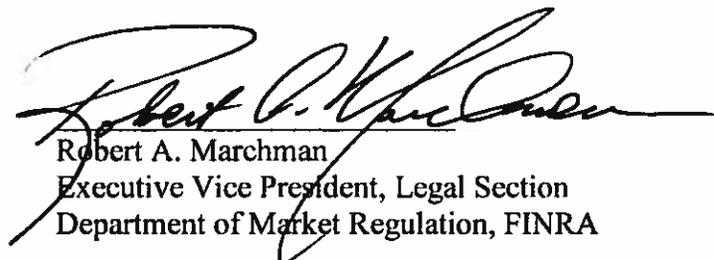
You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

Citigroup Global Markets Inc.
Page 2

If you have any questions concerning this matter, please contact Shawn R. Mallon, Senior Counsel,
at (646) 430-7053.



Robert A. Marchman
Executive Vice President, Legal Section
Department of Market Regulation, FINRA

Signed on behalf of NASDAQ

Enclosure

FINRA District 10 – New York
Michael Solomon
Senior Vice President and Regional Director
(Via email)

Michael D. Wolk, Esq.
Sidley Austin LLP
Counsel for Respondent
1501 K Street, N.W.
Washington, DC 20005

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130354629-04

TO: The NASDAQ Stock Market LLC
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Citigroup Global Markets Inc., Respondent
Broker-Dealer
CRD No. 7059

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, 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, Nasdaq 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 Nasdaq, or to which Nasdaq 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 Nasdaq:

Background

1. CGMI, a wholly-owned subsidiary of Citigroup Inc., is headquartered in New York, New York. The Firm provides investment banking and financial advisory services. The Firm offers equity and debt financing, asset transaction, private equity, underwriting, institutional sales and trading, and mergers and acquisitions advisory services, and provides market access and execution services to the Firm's institutional market participants (the "CGMI Clients" or "Firm Clients") for a wide variety of products.
2. The Firm has been registered with Nasdaq since July 12, 2006, and with FINRA since October 16, 1936. Its registrations remain in effect. The Firm does not have a relevant disciplinary history.
3. Several letters were sent to the Firm beginning on April 17, 2015, and continuing through March 1, 2016, notifying the Firm of Market Regulation's investigations into the matters referenced herein.

Summary

4. In Matter No. 20130354629, the Trading Examinations Unit of FINRA's Department of Market Regulation ("Market Regulation") reviewed several Clearly Erroneous Execution ("CEE") petitions that were filed and Erroneous Order events between July 27, 2012 and July 31, 2013; and the Firm's compliance with Rule 15c3-5 of the Securities Exchange Act of 1934 ("SEA") (the "Market Access Rule").¹
5. In Matter No. 20130386863, the New York Equities Section of Market Regulation reviewed CEE petitions filed on November 21, 2013 and September 15, 2014 on Nasdaq; the Firm's pre-trade credit limit controls; and the Firm's compliance with the Market Access Rule.
6. In Matter No. 20140438051, the Chicago Equities Section of FINRA's Department of Market Regulation ("Market Regulation") reviewed, among other things, significant price movements that that occurred in a particular security on the Exchange on August 12, 2013; and the Firm's compliance with the Market Access Rule.
7. In Matter No. 20140411564, the Trading Analysis Section of Market Regulation reviewed, among other things, an Erroneous Order event that occurred on the Exchange on April 30, 2013; and the Firm's compliance with the Market Access Rule.
8. The above matters were part of investigations conducted by Market Regulation on behalf of the Exchange, FINRA and other self-regulatory organizations, including Bats BZX Exchange, Inc., Bats BYX Exchange, Inc., New York Stock Exchange LLC, and NYSE Arca Equities, Inc. (collectively, the "SROs"), to review the Firm's compliance with the Market Access Rule and the supervisory rules of the relevant SROs, including Nasdaq Rules 3010 and 2110 (prior to 11/21/12) and Nasdaq Rule 2010A (on and after 11/21/12), during the period of least July 27, 2012 through at least December 2016 (the "Review Period").
9. As a result of these investigations, it was determined that during the Review Period, CGMI failed to establish, document, and maintain a system of risk management controls and supervisory procedures, including written supervisory procedures and an adequate system of follow-up and review, reasonably designed to manage the financial, regulatory, and other risks of its market access business.
10. Specifically, from the beginning of the Review Period until March 2014, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to prevent the entry of orders that exceeded appropriate pre-set credit thresholds, in violation of SEA Rules 15c3-5(b)

¹ The SEC adopted Rule 15c3-5 effective July 14, 2011. See 17 C.F.R. § 240.15c3-5, *Risk Management Controls for Brokers or Dealers with Market Access*, 75 Fed. Reg. 69792, 69792 (Nov. 15, 2010) (Final Rule Release).

and (c)(1)(i), and Nasdaq Rules 3010 and 2110 (prior to 11/21/12) and Nasdaq Rule 2010A (on and after 11/21/12).

11. Additionally, during different portions of the Review Period, the Firm failed to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders by rejecting orders that exceed appropriate price or size parameters, in violation of SEA Rules 15c3-5(b) and (c)(1)(ii), and Nasdaq Rules 3010 and 2110 (prior to 11/21/12) and Nasdaq Rule 2010A (on and after 11/21/12).
12. Furthermore, during the Review Period, the Firm failed to establish document, and maintain a reasonably designed system for regularly reviewing the effectiveness of the risk management controls and supervisory procedures required by paragraphs (b) and (c) of SEA Rule 15c3-5, to assure the overall effectiveness of the Firm's risk management controls and supervisory procedures, in violation of SEA Rule 15c3-5(b) and (e)(1), and Nasdaq Rules 3010 and 2110 (prior to 11/21/12) and Nasdaq Rule 2010A (on and after 11/21/12).

Violative Conduct

13. During the Review Period, SEA Rule 15c3-5(b) required broker-dealers that provide market access to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of their market access business.²
14. During the Review Period, SEA Rule 15c3-5(c)(1)(i) specifically required market access broker-dealers to have financial risk management controls and supervisory procedures reasonably designed to prevent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer and the broker or dealer and, where appropriate, more finely-tuned by sector, security, or otherwise by rejecting orders if such orders would exceed the applicable credit or capital thresholds.
15. During the Review Period, SEA Rule 15c3-5(c)(1)(ii) specifically required market access broker-dealers to have financial risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.
16. During the Review Period, SEA Rule 15c3-5(e) required a broker or dealer with market access to establish, document and maintain a system for regularly reviewing the effectiveness of its risk management controls and for promptly addressing any

² Rule 15c3-5 requires that, as gatekeepers to the financial markets, broker-dealers providing market access must "appropriately control the risks associated with market access so as not to jeopardize their own financial condition, that of other market participants, the integrity of trading on the securities markets, and the stability of the financial system." 17 C.F.R. § 240.15c3-5, 75 Fed. Reg. 69792 (Nov. 15, 2010).

issues. SEA Rule 15c3-5(e)(1) required the broker or dealer to review, no less frequently than annually, the business activity of the broker or dealer in connection with market access to assure the overall effectiveness of its risk management controls and supervisory procedures. Moreover, this rule required, among other things, that the review be conducted in accordance with written procedures and be documented. These provisions were intended to ensure that a broker or dealer “implements supervisory review mechanisms to support the effectiveness of its risk management controls and supervisory procedures on an ongoing basis.”³ Moreover, brokers or dealers with market access are required to adjust their controls and procedures “to help assure their continued effectiveness in light of any changes in the broker-dealer’s business or weaknesses that have been revealed.”⁴

17. Rule 15c3-5 requires, among other things, that a broker-dealer with market access document its system of risk management controls and supervisory procedures that are designed to manage the financial, regulatory, and other risks of market access. The broker-dealer must preserve a copy of its supervisory procedures and “a written description of its risk management controls” as part of its books and records for the time period required by SEC Rule 17a-4(e)(7) (emphasis added).⁵ The required written description is intended, among other things, to assist SEC and SRO staff to assess the broker-dealer’s compliance with the rule. Exchange Act Release No. 34-63241, 75 Fed. Reg. 69792, 69812 (Nov. 15, 2010).
18. During the Review Period, Nasdaq Rule 3010(a) required, among other things, that each member firm “establish and maintain a system to supervise the activities of each . . . associated person[,]” and that such system must be “reasonably designed to achieve compliance with applicable securities laws and regulations and with applicable Nasdaq Rules.”
19. During the Review Period, Nasdaq Rules 2110 and 2010A provided that member firms, in the conduct of their business, shall observe high standards of commercial honor and just and equitable principles of trade.

Overview of CGMI’s Market Access Systems

20. During the Review Period, CGMI provided and maintained market access, and executed more than 175 million trades for the Firm Clients.
21. During the Review Period, CGMI sales traders used several different order management systems (“OMS”) and execution management systems (“EMS”) to facilitate orders. Some examples of the OMSs used by the Firm to enter orders are NetX360, GSS, COMET Sales and C4, certain of which contain certain pre-trade controls associated with them that were developed by the Firm. Customer orders are

³ 75 Fed. Reg. at 69811.

⁴ *Id.*

⁵ See 17 C.F.R. § 240.15c3-5(b). Rule 17a-4(e)(7) requires a broker-dealer to maintain and preserve such description “until three years after the termination of the use of” the document. See 17 C.F.R. § 240.17a-4(e)(7).

generally routed through one of three different Firm EMSs, which are known as COMET, PTE, and ARES, which are used to manage orders. These OMSs or EMSs route the orders to an internal Alternative Trading System (“ATS”) such as Citicross, directly to the market, through various Firm trading algorithms, or to the Firm’s smart-order-router (“SOR”), that sends the order to various market centers. These OMSs and EMSs contained pre-trade controls and filters that are applied to orders. In addition, CGMI assigned and applied various credit limits and capital thresholds controls to the Firm Clients and trading desks.

22. Depending on the OMS or EMS, during the Review Period, CGMI generally implemented one or more of the following pre-trade controls: a single order notional control (*i.e.*, the value of an order, which is generally calculated by multiplying the share price by the amount of shares); a single order quantity control; and an average daily volume (“ADV”) control. Orders that triggered these controls are interrupted and held pending clearance of either soft-blocks, a combination of both soft-blocks and hard-blocks, or hard-blocks. The combination of controls and the limits at which these controls were set varied depending upon the OMS/EMS utilized or the trading desk.

Inadequate Pre-Trade Erroneous Order Controls

23. Despite the various pre-trade controls designed to prevent the entry of erroneous orders that the Firm had in place during the Review Period, as described below, the Firm failed to implement reasonable pre-trade risk management controls as applied to certain orders submitted by certain CGMI Clients or trading desks. Further the Firm failed to establish and implement reasonable supervisory procedures designed to prevent the entry of erroneous orders during the Review Period, as set forth below.
24. Because at times CGMI’s pre-trade controls were unreasonable as applied to certain Firm Clients or trading desks, CGMI failed to prevent the transmission of certain erroneous equity orders to the SROs, which caused 12 clearly erroneous events, resulting in the filing of eight CEE petitions for six of the events (four events did not result in CEE petitions). These events caused one trading halt and several large price change alerts/price movements, including a price movement in one security of approximately 34%.
25. Deficiencies in CGMI’s pre-trade price and size controls resulted in the submission of the orders that caused the Erroneous Events. For example, the majority of the Firm’s controls during the Review Period employed soft-blocks that could easily be overridden by the Firm’s traders, thus causing the control to be ineffective without additional reasonable controls or review. Moreover, until June 2013, the Firm failed to capture (*i.e.*, retain) when soft-blocks for erroneous orders were triggered or overridden, and during the entire Review Period, the Firm failed to regularly review when these types of soft-blocks were triggered or overridden.

26. For example, on April 30, 2013, the Firm's Equities Portfolio Trading Desk ("Equities Desk") routed a 500,000 share sell order in "ABC"⁶ security with no limit price directly to the market. The order was entered to facilitate a large transfer on behalf of a Firm customer. The order was intended to have a Destination of "BLOCK," which would route the order internally to the Firm's Block Desk that would work the order into the market at competitive pricing. However, a Destination of "<E-Default>" was accidentally selected, which was located just below "BLOCK" in the scroll-down list of Destination options, and caused the order to be routed directly to the market. As a result of the order, the Firm sold 391,753 shares for a volume-weighted average price ("VWAP") of \$23.7657 (for total value of approx. \$9.2 million). This caused the market price of ABC to drop from \$24.405 to a low of \$21.9301, an approximately a 10.14% decrease, and triggered a five minute single-stock circuit breaker, as well as price alerts on the Exchange. Although the order triggered the Firm's notional value soft-block set at \$5 million, it was easily bypassed by selecting a "Yes" button without confirming the details of the order. Because no hard-block existed, the Firm's pre-trade controls permitted the override and bypass of the soft-blocks and allowed the order to be executed without being subjected to additional Firm controls. Additionally, the Firm failed to retain and review the soft-blocks that were triggered for this erroneous order.
27. At times during the Review Period, the Firm failed in respect to some of its systems to implement reasonable controls that took into account the individual characteristics of a security. When it did implement an ADV control, it was set too high to be effective, or employed an excessive minimal share quantity threshold, and was therefore unreasonable without additional controls. For example, the ADV control for the COMET EMS was initially set at a level too high to be effective. Further, while the ADV control level was significantly reduced in March 2014, it was still unreasonable. In addition, an ADV control for at least one OMS contained a minimum share quantity threshold which was also exceedingly high. Similarly, when the Firm implemented single order notional and quantity controls, they were also set at thresholds that were unreasonable without additional controls.
28. For example, on July 27, 2012, the Firm received a CGMI Client's request to liquidate all positions in an account, which consisted of 20,000 shares of "DEF"⁷ security. The 30-day ADV in DEF was approximately 2,000 shares. The Firm placed a held market order to sell 20,000 shares of DEF in one of the Firm's front-end order entry systems. The order was blocked by this system because the order quantity exceeded the applicable hard-block that applied to orders with a minimum share quantity that exceed 10% of the 30-day ADV. A Firm sales trader then broke up the order and submitted four individual 5,000 share market orders to sell, which were accepted for execution within a two minute period. The entry of these orders, each of which were two and one-half times larger than the 30-day ADV in DEF, were not blocked because they did not meet the minimum share threshold of the Firm's control, and thus were not subject to any ADV control. As a result of the entry of

⁶ A generic identifier has been used in place of the name of this security

⁷ A generic identifier has been used in place of the name of this security.

these orders, the price of DEF traded down approximately 34%, caused a trading halt, and set a 52-week low.

29. In at least two separate areas during the Review Period, the Firm's pre-trade erroneous order controls wholly failed to apply. First, prior to September 20, 2013, if a Firm Client or trading desk entered an order outside of normal trading hours, the order was not exposed to any controls. Second, during the Review Period, while orders that were received by the Firm from a CGMI Client and routed through the Firm's smart-order-router (*i.e.*, a "parent order") were subject to the Firm's pre-trade erroneous order controls, if the parent order was thereafter broken into more than one smaller orders (*i.e.*, "child orders"), the child orders were not subject to a pre-trade price control.
30. Prior to the implementation of hard-blocks on May 17, 2013 in PTE and on December 16, 2013 in COMET, the Firm only employed soft-block controls for market orders entered by Firm Clients or trading desks, either intentionally or by mistake, which could be overridden without being subjected to either additional pre-trade controls or review. Further, prior to these dates, the Firm did not have an effective share quantity control in place that would block market orders from being sent directly to the market. Following the implementation of the market order hard-block, if a Firm Client or trading desk entered a market order in COMET, the Firm's systems would automatically convert the market order into a limit order priced 5% away from the previous sale, which was lowered to 3% in July 2015. However, the Firm's pre-trade share quantity control that applied to these converted limit orders was not effective to prevent the entry of erroneous orders.
31. Additionally, during the Review Period, the Firm's Convertible desk utilized a "Pairs Algorithm," that was designed to allow the desk to place orders that simultaneously buy one security while selling another security to minimize market impact on both legs of the trade. The quantities of each security to be bought or sold are entered manually by the trader and then executed to maintain a hedged position. However, prior to August 12, 2013, the Pairs Algorithm did not possess a pre-trade control to prevent the entry of an erroneous order where a Firm trader erroneously entered an incorrect value for one side of the pairing, which could result in the entering of an erroneous order with an incorrect number of shares. On August 12, 2013, the Firm implemented a hard block that was triggered if the different legs in the Pairs Algorithm did not maintain a minimum ratio.
32. The acts, practices, and conduct described above in paragraphs 23 through 31 constitute violations of SEA Rules 15c3-5(b) and (c)(1)(ii), and Nasdaq Rules 3010 and 2110 (prior to 11/21/12) and Nasdaq Rule 2010A (on and after 11/21/12).

Inadequate Procedures to Ensure Compliance with Pre-Set Credit Limits

33. During the Review Period, the Firm failed to establish and maintain a reasonable system to ensure that the CGMI Clients complied with pre-set credit limits. Once the Firm assigned a client to a given credit limit tier, the information was entered into its "Lighthouse system," which is a CGMI application that monitors total orders at the client "Grand Parent level" and keeps an ongoing tally of the daily aggregate credit limit utilized by each client. Lighthouse generated a soft-block alert whenever a client breached a preconfigured set of percentages, including early warnings, of that client's pre-set credit limit. Credit limit breach soft-block alerts were triggered at 85, 90, 100, and 110% of a given client's credit limit. Although some additional minor steps were required to bypass a soft-block triggered at 100 or 110%, the soft-blocks were able to be overridden and bypassed when triggered for a client's credit limit without being subjected to additional Firm controls or any supervisory review or oversight. Further, until June of 2013, the Firm was neither retaining nor reviewing when credit limit soft-blocks occurred or were bypassed, making these systems and controls unreasonable.
34. The acts, practices, and conduct described above in paragraph 33 constitutes violations of SEA Rules 15c3-5(b) and (c)(1)(i), and Nasdaq Rules 3010 and 2110 (prior to 11/21/12) and Nasdaq Rule 2010A (on and after 11/21/12).

Inadequate Periodic Review of Override Activity

35. During the Review Period, the majority of the Firm's pre-trade equities controls for erroneous orders, credit limits and capital thresholds involved the use of soft-blocks. Prior to June 2013, however, the Firm failed to capture or retain any instance in which a soft-block was triggered or overridden. In June 2013, the Firm began capturing/retaining data regarding the occurrence and overrides of soft-blocks for erroneous orders and credit limits/capital thresholds.
36. Beginning in June 2013, the Firm began to review any instance in which a soft-block for credit limits/capital thresholds were triggered or overridden. However, during the entire Review Period, the Firm failed to regularly review instances in which soft-blocks for potential erroneous orders were triggered or overridden.
37. Although the Firm periodically reviewed the effectiveness of its pre-trade risk management controls and supervisory procedures, because the Firm was neither capturing nor reviewing the occurrence or the bypassing of its soft-blocks prior to June 2013, and because the Firm also failed to conduct a regular review of instances in which a soft-block was triggered or overridden for potentially erroneous orders during the Review Period, it was not possible for the Firm to assure the overall effectiveness of its risk management controls and supervisory procedures for the prevention of erroneous orders during the Review Period. Moreover, CGMI's failures in this regard also prevented the Firm from being able to adequately adjust

their controls and procedures to help assure their continued effectiveness or to determine whether there were any weaknesses in their controls or procedures.

38. Additionally, notwithstanding that there were erroneous order events beginning in 2012 that triggered soft-blocks, and although there were regulatory inquiries into the erroneous events that began in 2013, the Firm failed to conduct regular reviews of when soft-blocks for potential erroneous orders were triggered or overridden during the Review Period. Accordingly, during the Review Period, the Firm failed to establish, document and maintain a reasonable system for regularly reviewing the effectiveness of its risk management controls and supervisory procedures.
39. The acts, practices, and conduct described above in paragraphs 35 through 38 constitute violations of SEA Rules 15c3-5(b) and (e)(1) and Nasdaq Rules 3010 and 2110 (prior to 11/21/12) and Nasdaq Rule 2010A (on and after 11/21/12).

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

1. A censure;
2. A fine in the amount of \$1,000,000, of which \$230,000 is payable to Nasdaq,⁸ and
3. An undertaking requiring the Firm to address the Market Access Rule deficiencies described in this AWC and to ensure that it has implemented controls and procedures that are reasonably designed to achieve compliance with the rules and regulations cited herein.
 - a. Within 120 days of the date of the issuance of the Notice of Acceptance of this AWC, CGMI shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a written report (the "written report"), certified by a senior management Firm executive, to MarketRegulationComp@finra.org that provides the following information:
 - i. A reference to this matter;
 - ii. A representation that the Firm has addressed each of the deficiencies described above; and
 - iii. The date(s) this was completed.
 - b. Between 90 and 120 days after the submission of the written report, the Firm shall submit a supplemental written report to FINRA to provide an update on the effectiveness of the enhancements and changes made by the Firm to its risk

⁸ The balance of the sanction will be paid to the SROs listed in Paragraph B.4.

management controls and supervisory procedures as described in paragraph a(ii) above.

- c. The Department of Market Regulation may, upon a showing of good cause and in its sole discretion, extend the time for compliance with these provisions.
4. Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between CGMI and each of the following self-regulatory organizations: FINRA, Bats BZX Exchange, Inc., Bats BYX Exchange, Inc., New York Stock Exchange LLC, and NYSE Arca Equities, Inc.

The Firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

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

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

II.

WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal 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 Nasdaq Review Council 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 Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, 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 Rule 9143 or the separation of functions prohibitions of 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

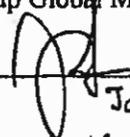
The Firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq 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 Nasdaq or any other regulator against the Firm;
 2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
 3. 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 Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq 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 Nasdaq, nor does it reflect the views of Nasdaq 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.

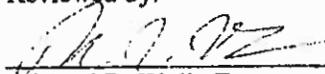
5/11/17
Date

Citigroup Global Markets, Inc., Respondent

By: 
Name: Joshua E. Lemie

Title: Managing Director

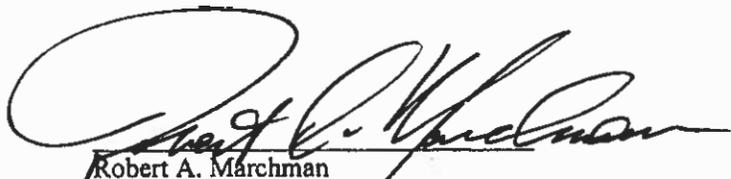
Reviewed by:


Michael D. Wolk, Esq.
Sidley Austin LLP
1501 K Street, N.W.
Washington, DC 20005

Counsel for Respondent

Accepted by Nasdaq:

6/9/17
Date


Robert A. Marchman
Executive Vice President, Legal Section
Department of Market Regulation
Signed on behalf of Nasdaq, by delegated
authority from the Director of ODA

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount
- Wire transfer

Respectfully submitted,

Respondent

Citi Group Global Markets Inc.
[name of firm]

May 19, 2017

Date

By:

Name:

Title:

[Signature]

James Tyne

Assoc. Gen. Counsel

Billing and Payment Contact

Please enter the billing contact information below. Nasdaq MarketWatch will contact you with billing options and payment instructions. **Please DO NOT submit payment until Nasdaq has sent you an invoice.**

Billing Contact Name: James Tyne

Billing Contact Address: 388 Greenwich St., New York NY 10013

Billing Contact Email: James.Tyne@citigroup.com

Billing Contact Phone Number: (212) 816-5668