

**NEW YORK STOCK EXCHANGE LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020-11-24-00034**

TO: New York Stock Exchange LLC

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

Between December 1, 2018 and December 31, 2018 (the “Relevant Period”), Citigroup Global Markets Inc. (“Citi” or the “Firm”) violated NYSE Rule 122 (Orders with More than One Floor Broker) by maintaining orders for the account of the same principal with two different floor brokers in the same security that could execute at the same time and price.

In addition, from January 2018 through the present (the “Supervisory Relevant Period”), Citi violated NYSE Rule 3110(a) and (b) (Supervision) by failing to establish and maintain a supervisory system and written supervisory procedures (“WSPs”) reasonably designed to achieve compliance with NYSE Rule 122.

Citi consents to a censure and \$40,000 fine.

* * *

Pursuant to Rule 9216 of the New York Stock Exchange LLC (the “NYSE” or the “Exchange”) Code of Procedure, 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, the NYSE 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 the NYSE, or to which the NYSE 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 the NYSE:

BACKGROUND & JURISDICTION

1. Citi became a member of the NYSE in November 1982 and its principal office is located in New York, New York. Among other services, the Firm provides routing and execution services on an agency basis. Further, throughout all relevant periods, the Firm operated a floor broker business on the NYSE floor.

PROCEDURAL HISTORY

2. This matter arises from an investigation conducted by NYSE Regulation. In a letter dated January 8, 2020, NYSE Regulation provided notice to the Firm that it was under investigation in this matter relating to the Firm's potential violations of NYSE Rule 122.

VIOLATIONS

The Firm Violated NYSE Rule 122

3. NYSE Rule 122 prohibits member organizations from sending and maintaining with more than one floor broker, for execution on the Exchange, orders at the same price for the purchase or sale of the same security with knowledge that such orders are for the account of the same principal. (Sending to, maintaining with, or using more than one floor broker can mean more than one floor broker firm or two different individual floor brokers at the same floor broker firm).
4. During the Relevant Period, Citi's floor brokerage operation included two individual brokers responsible for executing orders, including for clients of the Firm's upstairs business.
5. In certain circumstances, these two brokers shared order execution responsibilities for single parent orders during the trading day. This practice could apply, for example, when the floor brokers received a large parent order to be filled over the course of a day.
6. Given this practice, to avoid violating NYSE Rule 122, it was critical that prior to transferring order handling responsibilities for a parent order all open child orders associated with the relevant parent order that were in the market were cancelled. Cancelling all open orders ensured that at no time were both brokers entering competing orders associated with the same parent order into the market.
7. On at least four occasions during the Relevant Period, Citi's floor brokers failed to ensure all open child orders associated with a single parent order were cancelled prior to handing off order execution responsibilities. As a result, on these occasions, both Citi floor brokers had open orders in the market associated with the same parent order routed from the Citi upstairs firm on behalf of the same client. In total, in these instances, Citi routed more than 21,000 pairs of competing orders for execution in contravention of NYSE Rule 122.
8. One of the purposes of NYSE Rule 122 is to prevent circumvention of the NYSE parity allocation rules so that a member organization or its customer cannot obtain preferential execution—that is, be over-represented in the market—by sending competing orders to multiple floor brokers at the same time.
9. As a result of Citi routing orders at the same price for the purchase or sale of the same security on behalf of the same account through multiple individual brokers for

execution, in certain instances during the Relevant Period the Firm's client was over-represented under the NYSE parity model.

10. As a result of the order routing described in paragraph 6, above, the Firm violated NYSE Rule 122 during the Relevant Period.

The Firm Violated NYSE Rule 3110(a) & (b)

11. NYSE Rule 3110(a) and (b) (Supervision) require member organizations to, among other things, establish and maintain both a supervisory system and WSPs that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules.
12. Because of the services provided by the Firm, including Citi's NYSE floor operation, the Firm had the supervisory obligations to implement reasonably designed systems to detect and prevent routing of potentially competing orders to two different floor brokers.
13. During the Relevant Period, the Firm also did not maintain WSPs addressing NYSE Rule 122 (or any related supervisory system or controls related to compliance with the rule). As a result of these supervisory failures, the Firm failed to detect and prevent the violative orders at issue here.
14. As a result of the above, the Firm violated NYSE Rule 3110(a) and (b) during the Relevant Period.

SANCTIONS

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

1. **Censure; and**
2. **\$40,000 fine.**

The Firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. The Firm has submitted a Method of Payment Confirmation form showing the method by which it will pay the fine imposed.

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 Firm agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts. The Firm further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts.

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

II. WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under the NYSE 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 Exchange's Board of Directors 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 prejudice of the Chief Regulatory Officer of the NYSE; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE employee; or any Regulatory Staff as defined in Rule 9120 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 communication 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 by NYSE Regulation, and accepted by the Chief Regulatory Officer of the NYSE pursuant to NYSE 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. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be

deemed final and shall constitute the complaint, answer, and decision in the matter, 25 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE Rule 9310(a)(1)(B);

2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
 3. The NYSE shall publish a copy of the AWC on its website in accordance with NYSE Rule 8313;
 4. The NYSE may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE Rule 8313; and
 5. 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 the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.
- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.
- E. 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. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

The Firm certifies that, in connection with each of the Exchange's requests for information in connection with this matter, the Firm made a diligent inquiry of all persons and systems that reasonably had possession of responsive documents and that all responsive documents have been produced. In agreeing to the AWC, the Exchange has relied upon, among other things, the completeness of the document productions.

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.

4/27/2021
Date

Citigroup Global Markets Inc.,
Respondent

By: /s/ Mary Reisert
Mary Reisert
Authorized Person

Accepted by NYSE Regulation

April 27, 2021
Date



Aaron H. Krieger
Senior Enforcement Counsel

Hanna Seifert
Enforcement Counsel

NYSE Regulation

Signed on behalf of New York Stock
Exchange LLC, by delegated authority from
its Chief Regulatory Officer