



Notice of Disciplinary Action against Citigroup Derivatives Markets Inc., Member Organization

To: Members, Member Organizations, Participants and Participant Organizations

From: John C. Pickford, Assistant General Counsel, NASDAQ PHLXSM

DATE: July 18, 2016

Enforcement No. 2016-05

FINRA No. 20140438123

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On July 15, 2016, the Business Conduct Committee (the "Committee") of the NASDAQ PHLX LLC ("PHLX" or the "Exchange") issued a disciplinary decision against Citigroup Derivatives Markets Inc. ("Citigroup" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Citigroup submitted an Offer of Settlement. Solely to settle this proceeding, and without admitting or denying the charges, Citigroup consented to findings that during the period between November 1, 2014 and August 31, 2015 (the "Review Period"), Citigroup violated Exchange Rules 1014(b)(ii)(D)(1) and (2). Specifically, Citigroup consented to findings that on two separate trade dates during the Review Period, and while acting as a DRSQT, it had failed to quote: (i) continuous, two-sided markets in 99% of the options series listed on the Exchange in at least 60% of its assigned options series for at least 90% of the trading day; and/or (ii) at least 99% of the series in an option for at least 90% of the trading day as measured from the time it had commenced quoting in the option to the end of the trading day. Additionally, on 26 separate trade dates during the Review Period, while acting as a Specialist, Citigroup had failed to quote continuous, two-sided markets in at least 99% of its assigned options series on the Exchange for at least 90% of the trading day.

The Committee found that Citigroup had violated Exchange Rules 1014(b)(ii)(D)(1) and (2), and ordered the imposition of the following sanctions against Citigroup: (i) a censure; and (ii) a fine in the amount of \$35,000.

For more information, contact:

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