

NO ACT 16 2-19-11



DIVISION OF CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-4561



12025183

January 26, 2012

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WASHINGTON DC 20549

Shelley J. Dropkin
Citigroup Inc.
dropkins@citi.com

Re: Citigroup Inc.
Incoming letter dated December 19, 2011

Act: 1934
Section: _____
Rule: 14a-8
Public
Availability: 1-26-12

Dear Ms. Dropkin:

This is in response to your letter dated December 19, 2011 concerning the shareholder proposal submitted to Citigroup by the Sisters of Charity of Saint Elizabeth, the Maryknoll Sisters of St. Dominic, Inc., the Maryknoll Fathers and Brothers, the Community of the Sisters of St. Dominic of Caldwell, New Jersey, the Sisters of St. Francis of Philadelphia, School Sisters of Notre Dame of St. Louis and Convent Academy of the Incarnate Word. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Ted Yu
Senior Special Counsel

Enclosure

cc: Sister Barbara Aires, SC
baires@scnj.org

January 26, 2012

**Response of the Office of Chief Counsel
Division of Corporation Finance**

Re: Citigroup Inc.
Incoming letter dated December 19, 2011

The proposal requests that Citigroup disclose its use of repurchase agreement transactions and securities lending transactions, including the information specified in the proposal, and its position on efforts by regulatory or supervisory authorities to collect and report information about repo markets. The proposal also requests that Citigroup, when acting as a repo dealer, adopt the use of transparent, multilateral trading facilities.

There appears to be some basis for your view that Citigroup may exclude the proposal under rule 14a-8(i)(7). In this regard, we note that the proposal relates to the repurchase agreement investment program maintained by Citigroup as part of the financial services offered by the company. Proposals concerning the sale of particular services are generally excludable under rule 14a-8(i)(7). Accordingly, we will not recommend enforcement action to the Commission if Citigroup omits the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Sonia Bednarowski
Attorney-Adviser

**DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS**

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the Company in support of its intention to exclude the proposals from the Company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

It is important to note that the staff's and Commission's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly a discretionary determination not to recommend or take Commission enforcement action, does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material.

From: Jones, Paula F [jonesp@citi.com]
Sent: Tuesday, December 20, 2011 3:38 PM
To: shareholderproposals
Subject: SEC No-Action Petition for (C) - Sister of St. Elizabeth (2012 Annual Meeting) - Additional Materials
Attachments: Scanned from a Xerox multifunction device001.pdf

Dear Sir or Madam:

Pursuant to Mr. Charles Kwon request, I am sending additional materials for Citigroup no-action petition to the SEC regarding the proposal filed by Sister of St. Elizabeth, the proponent, and the co-filers. The document consists of the original filing and correspondence between Citigroup and the co-filers. Please call me at the below number if you have any questions. Thank you.

Regards,

Paula F. Jones
Associate General Counsel
Citigroup Inc.
425 Park Avenue, 2nd Floor
New York, NY 10043

Phone: (212) 793-3863
Fax: (212) 793-7600

Shelley J. Dropkin
Deputy Corporate Secretary
and General Counsel,
Corporate Governance

Citigroup Inc.
425 Park Avenue
2nd Floor
New York, NY 10022

T 212 793 7396
F 212 793 7600
dropkins@citi.com



December 19, 2011

VIA E-MAIL

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Stockholder Proposal Submitted to Citigroup Inc. by The Sisters of Charity of Saint Elizabeth, Maryknoll Sisters of St. Dominic, Inc., Maryknoll Fathers and Brothers, Sisters of St. Dominic of Caldwell, NJ, The Sisters of St. Francis of Philadelphia, School Sisters of Notre Dame of St. Louis and Convent Academy of the Incarnate Word

Dear Sir or Madam:

Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), enclosed herewith for filing are the stockholder proposal and supporting statement (the "Proposal") submitted by The Sisters of Charity of Saint Elizabeth, Maryknoll Sisters of St. Dominic, Inc., Maryknoll Fathers and Brothers, Sisters of St. Dominic of Caldwell, NJ, The Sisters of St. Francis of Philadelphia, School Sisters of Notre Dame of St. Louis and Convent Academy of the Incarnate Word (the "Proponent"), for inclusion in the proxy materials to be furnished to stockholders by Citigroup Inc. in connection with its annual meeting of stockholders to be held on or about April 17, 2012 (the "Proxy Materials"). Also enclosed for filing is a copy of a statement outlining the reasons Citigroup Inc. deems the omission of the attached Proposal from the Proxy Materials to be proper pursuant to Rule 14a-8(i)(7).

Rule 14a-8(i)(7) provides that a proposal may be omitted if "it deals with a matter relating to the company's ordinary business operations."

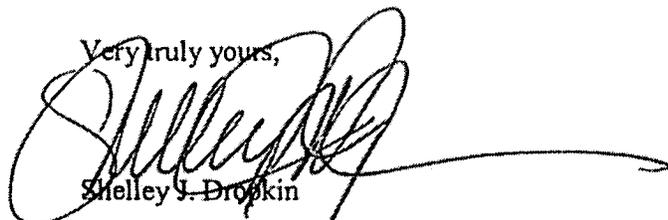
By copy of this letter and the enclosed material, the Company is notifying the Proponent of its intention to exclude the Proposal from its 2012 Proxy Materials.

The Company is filing this letter with the U.S. Securities and Exchange Commission (the "Commission") not less than 80 calendar days before it intends to file its 2012 Proxy Materials.

The Company respectfully requests that the Staff of the Division of Corporation Finance (the "Staff") of the Commission confirm that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its 2012 Proxy Materials.

If you have any comments or questions concerning this matter, please contact me at (212) 793-7396.

Very truly yours,

A handwritten signature in black ink, appearing to read "Shelley J. Dropkin", with a long horizontal flourish extending to the right.

Deputy Corporate Secretary and
General Counsel, Corporate Governance

cc: The Sisters of Charity of Saint Elizabeth
Maryknoll Fathers and Brothers
Maryknoll Sisters of St. Dominic
Sisters of St. Dominic of Caldwell N.J.
Sisters of St. Francis of Philadelphia
School Sisters of Notre Dame of St. Louis
Convent Academy of the Incarnate Word

Encls.

STATEMENT OF INTENT TO EXCLUDE STOCKHOLDER PROPOSAL

Citigroup Inc., a Delaware corporation ("Citigroup" or the "Company"), intends to exclude the stockholder proposal and supporting statement (the "Proposal," a copy of which is annexed hereto as Exhibit A) submitted by The Sisters of Charity of St. Elizabeth (the "Proponent"), and Maryknoll Sisters of St. Dominic, Inc., Maryknoll Fathers and Brothers, Sisters of St. Dominic of Caldwell, NJ, The Sisters of St. Francis of Philadelphia, School Sisters of Notre Dame of St. Louis, and Convent Academy of the Incarnate Word (the "Co-filers") for inclusion in its proxy statement and form of proxy (together, the "2012 Proxy Materials") to be distributed to stockholders in connection with the Annual Meeting of Stockholders to be held on April 17, 2012.

The Company believes that the Proposal may be excluded from the 2012 Proxy Materials pursuant to Rule 14a-8(i)(7) of the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended. Rule 14a-8(i)(7) provides that a proposal may be excluded if it "deals with a matter relating to the company's ordinary business operations."

THE PROPOSAL MAY BE EXCLUDED BECAUSE IT INFRINGES UPON MANAGEMENT'S BASIC FUNCTIONS OF (I) EVALUATING SPECIFIC PRODUCTS AND SERVICES; AND (II) DISCLOSING THE COMPANY'S INFORMATION CONCERNING ITS CORPORATE AND INDIVIDUAL CLIENTS.

The Proposal states as follows: "Shareholders request that our Company:

- Disclose in greater detail its use of repurchase agreement transactions and securities lending transactions, including disclosure on how transactions are cleared; how haircuts are used to discount the value of securities; the mean, average and maximum terms of the transactions; and whether the securities used as collateral trade in reliably liquid markets;
- Disclose its position on efforts by regulatory or supervisory authorities to collect and report information about repo markets in order to be better able to detect the buildup of risk exposures and emerging points of stress in the financial system; and
- When acting as a repo dealer, adopt the use of transparent, multilateral trading facilities so that all market participants can sell all market prices (for repo rates, term and for full range of collateral offered)."

The Proposal may be excluded from the 2012 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations. The Staff has explained that the general underlying policy of Rule 14a-8(i)(7) is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." *SEC Release No. 34-40018* (May 21, 1998). The first central consideration upon which that policy rests is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." *Id.* The second central consideration underlying the exclusion for matters related to the Company's ordinary business operations is "the degree to which the proposal seeks to 'micro-

manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* The second consideration comes into play when a proposal involves "intricate detail," or "methods for implementing complex policies." *Id.*¹

The Proposal infringes upon management's core function of overseeing Citigroup's financial operations and business practices as they relate to the transactional relationship between the Company and its clients. As part of the financial services offered by the Company and in the ordinary course of its business, Citigroup maintains a repurchase agreement ("repo") investment program whereby clients may invest their cash deposits in overnight repos which are collateralized by eligible securities. Policies governing whether Citigroup will engage in any particular financial service for our clients are formulated and implemented in the ordinary course of the Company's business operations. Citigroup has policies relating to repurchase agreements that are implemented through the application of rigorous procedures. The policies are far reaching in the Company and are imbedded within the corporate framework. Thus, the Proposal is excludable under Rule 14a-8(i)(7) because it relates to a complex management decision regarding the specific products and services that are offered by the Company.

The Staff has previously concurred in the exclusion of other proposals that seek to micro-manage this type of central management decision relating to decisions regarding the particular characteristics of which services or products to offer. For example, in *H&R Block, Inc.* the Staff concurred in the exclusion on ordinary business grounds of a proposal requesting that the company cease its current practice of issuing high interest refund anticipation loans.² In addition, the fact the Proposal asks that the Company make additional disclosures, rather than take direct action, does not save the Proposal from exclusion. The Commission has explained that proposals requesting a report on a specific aspect of a company's business that involves a matter of ordinary business "will be excludable under Rule 14a-8(i)(7)."³ The Staff has recently applied this directive in *PetSmart, Inc.*, cited above, where, notwithstanding the fact that the proposal requested a report instead of direct action, the Staff stated that the proposal related to "sale of particular goods," and was thus excludable on ordinary business grounds.⁴ Similarly, in *Banc One Corp.*, the Staff concurred in the exclusion, pursuant to the predecessor to Rule 14a-8(i)(7), of a proposal requesting that management develop a report regarding the company's loans to

¹ The Staff has reaffirmed the ordinary business test in *Bulletin No. 14E*, which clarifies that a proposal relating to the evaluation of risk may be excluded from a company's proxy materials if the underlying subject matter of the proposal relates to an ordinary business matter of the company. *Staff Legal Bulletin No. 14E* (2009).

² *H&R Block, Inc.*, (August 1, 2006); see also *Petsmart, Inc.* (April 14, 2006) (concurring in the exclusion, on ordinary business grounds, of a proposal requesting that the company issue a report regarding the sale of pet birds where the company argued that the proposal was excludable because "the ability to make such decisions [i.e., decisions regarding the sale of particular products and services] is fundamental to management's ability to control the operations of the Company").

³ *SEC Release No. 20091* (August 16, 1983); see also *Johnson Controls, Inc.* (October 26, 1999) (stating that where "the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . we believe it may be excludable under Rule 14a-8(i)(7)).

⁴ *Petsmart, Inc.* (April 14, 2006); see also *The Walt Disney Co.* (November 30, 2007) (concurring in the exclusion of a proposal under Rule 14a-8(i)(7) that requested a report from management on the steps the company was taking to "avoid the use of negative and discriminatory racial, ethnic and gender stereotypes in its products" where the company argued that "[t]he limitation of a proposal to a request for a report does not render more acceptable a proposal that deals with matters within the ordinary business judgment of the company").

low-income and minority borrowers.⁵ Like the proposals in *Petsmart* and *Banc One*, if it were implemented, the Proposal would micro-manage the Company's ordinary business operations because it relates to complex and nuanced management decisions regarding repurchase agreement transactions and other services offered by the Company.

The Company acknowledges that recently, in Staff Legal Bulletin No. 14E (available October 27, 2009), the Staff clarified the analytical framework it will apply in determining whether a company may exclude a proposal related to risk under Rule 14a-8(i)(7). The Staff stated that it would evaluate these proposals by looking to the subject matter of the report to determine "whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company." While SLB 14E indicates that "a proposal that focuses on the board's role in the oversight of a company's management of risk may transcend the day-to-day business matters of a company and raise policy issues so significant that it would be appropriate for a shareholder vote," the Proposal does not focus on the board's role in overseeing the repo business. The Proposal and Supporting Statement also do not relate to the Board's role in risk management -- both make no mention of this subject. Rather, the Proposal relates solely to the perceived lack of transparency in Repurchase Markets and requests that the Company make certain related disclosures. Accordingly, as explained above, the Proposal relates to the Company's ordinary business operations and, consistent with the Staff's statements in SLB 14E, the subject matter of the Proposal does not "transcend the day-to-day business matters" of the Company.

The Proposal is also excludable under Rule 14a-8(i)(7) because, insofar as its implementation, it would mandate that the Citigroup Board of Directors disclose information relating to our repurchase agreement transactions and securities lending transactions business, which the Company considers to be proprietary and confidential. If Citigroup were to disclose information on how haircuts are used to discount the value of securities or disclose information on the mean, average and maximum terms of our transactions, it would put Citigroup at a severe disadvantage against our competitors. Indeed, it would be inappropriate to make the requested disclosures for the transactions targeted by the Proposal because such reporting would breach Citigroup's duty to preserve client confidentiality by identifying the financial services products provided to clients and the terms of such transactions. As such, the Proposal usurps management's authority by allowing stockholders to manage the banking and financial relationships that the Company has with its customers and the privacy protection afforded to its customers. Thus, the Proposal directly relates to day-to-day business matters and its implementation would infringe upon management's core function of overseeing business practices--namely the management of its Repurchase Agreement Investment Program including ensuring appropriate use of its customers' confidential information.

In fact, the Staff has on numerous occasions recognized that, when a company is engaged in a business that involves access or use of the confidential information of its customers or proprietary information about its financial products, a proposal is excludable under Rule 14a-8(i)(7). For example, several phone companies have been permitted to exclude proposals urging them to prepare reports discussing policy issues that pertain to disclosing customer records to federal and state agencies without a warrant.⁶ In 2009, a proposal submitted by the proponent to

⁵ *Banc One Corp.* (February 25, 1993).

⁶ See e.g. *AT&T Inc.* (February 7, 2008); *Verizon* (February 27, 2006).

Western Union asked the stockholders of that company to adopt a bylaw authorizing a committee of the board to review the company's policies on customer privacy and the delivery of services to low-wage and migrant workers. That proposal was also excluded as relating to ordinary business matters.⁷ The Proposal is more intrusive on day-to-day Company operations than the phone company proposals and the Western Union proposal because it does not merely seek a report or a board study on matters relating to customer records; instead it urges the Board to disclose marketing information about its financial products and to affirm the Company's position on efforts by regulatory authorities "to collect and report information about repo markets..."

The Proposal is also excludable under Rule 14a-8(i)(7) because it asks the Company to adopt the use of a transparent, multilateral trading facility. The Staff has time and again permitted exclusion of proposals that ask a company to lobby for reforms to the laws and regulations affecting its industry.⁸ The Company does use multilateral trading facilities in circumstances where the repo trade warrants the use of such a facility; however, there are certain repo trades that cannot be processed through a multilateral trading facility. The Proposal mistakenly assumes that all repo trades are the same without acknowledging the complexity of the ordinary business repo operations that the Proposal seeks to regulate. The Company must operate its "repo" business within current regulatory confines and business operation standards. The reform effort the Proponent urges is exactly the type of micromanaging on complex regulatory issues that is excludable as relating to the Company's ordinary business.⁹

CONCLUSION

For the foregoing reasons, Citigroup respectfully submits that the Proposal may be excluded pursuant to Rule 14a-8(i)(7).

⁷ *Western Union* (March 6, 2009).

⁸ See *Citigroup Inc.* (February 5, 2007) (permitting exclusion of a proposal that asked the Company to prepare a report on its activities in the field of tort and tax reform and the provisions of Sarbanes-Oxley); *International Business Machines Corporation* (January 21, 2002) (permitting exclusion of a proposal seeking to require IBM to provide its shareholders with information regarding employee health benefits and to join with other corporations to support the establishment of a national health insurance system).

⁹ Although the Staff has recently denied no-action relief in circumstances where proponents have asked companies to adopt broad policy related principles, such as principles on universal healthcare reform, we note that these proposals differ from the Proposal. The proposals in those other no-action precedents urged the adoption of political reform principles that did not relate to the companies' underlying business operations. See e.g. *CBS* (March 30, 2009) (denying exclusion of proposal urging adoption of healthcare principles, where the company that received the proposal was engaged in the entirely different field of broadcasting and other media activities). Here, the Proposal asks for the adoption of a specific trading facility not widely used in the financial markets that will directly affect the Company's day-to-day business, and is therefore excludable. See e.g. *CVS Caremark Corp.* (January 31, 2009) (permitting exclusion of a proposal that asked the board of a company in the healthcare field to adopt principles for healthcare reform and to report annually on how it is implementing those principles).

Exhibit A



November 8, 2011

Mr. Vikram Pandit, CEO
Citigroup
399 Park Avenue
New York, NY 10043

Dear Mr. Pandit,

The Sisters of Charity of Saint Elizabeth continue to be concerned about Citigroup's role in trading of repurchase agreements (repos) and its impact on the financial system. Therefore, the Sisters of Charity of Saint Elizabeth request the Board of Directors to report to shareholders as described in the attached proposal.

The Sisters of Charity of Saint Elizabeth are beneficial owners of 300 shares of stock. Under separate cover, you will receive proof of ownership. We will retain shares through the annual meeting.

I have been authorized to notify you of our intention to file this resolution for consideration by the stockholders at the next annual meeting and I hereby submit it for inclusion in the proxy statement, in accordance with rule 14a-8 of the General Rules and Regulations of the Securities Act of 1934.

If you should, for any reason, desire to oppose the adoption of this proposal by the stockholders, please include in the corporation's proxy material the attached statement of the security holder, submitted in support of this proposal, as required by the aforesaid rules and regulations.

Sincerely,

Sister Barbara Aires, SC
Coordinator of Corporate Responsibility

Enc
SBA/an



NOV 10 2011 10:41 AM
NEW JERSEY
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NEW JERSEY
07068-0111

TRANSPARENCY IN REPURCHASE MARKETS

WHEREAS:

Markets in which repurchase agreements are traded (“repo markets”) involve enormous amounts of flows of credit and entail even higher amounts of transactions in securities used to collateralize those flows.

These markets provide a key source of credit to the US financial system, especially critical in financing participation in US Treasury and agency securities markets and the issuance and investment in structured securities.

These large markets involving transactions in credit and securities were shown to be systemically important during the recent financial crisis because of the interconnectedness they create between the major financial firms. In addition, repurchase agreements and security lending transactions create a large quantity of highly leveraged transactions for individual firms and the overall financial system. In October 2011, the major derivatives brokerage firm MF Global filed for bankruptcy when it used the repo market to finance its investment in sovereign debt securities. Importantly, these repo transactions were not reported on MF Global’s balance sheet in its quarterly financial statements. Another concern is that tri-party repurchase agreements involve large, concentrated credit exposures for intraday cash advances – although recently reduced to a shorter period of time – to key financial firms (e.g. broker-dealers). This creates large credit exposures for the clearing bank and a less reliable funding arrangement for repo dealers and cash borrowers in the market.

There is too little public information about repo markets. This includes the Federal Reserve Board’s Z.1 survey and the Federal Reserve Bank of New York’s statistics from repo clearing houses and clearing banks. The New York Fed’s efforts mark a significant improvement, but it is incomplete and does not provide data in sufficient detail for investors to adequately assess the vulnerabilities in these markets.

The trading process for repurchase agreements transactions is not fully multilateral but instead organized around a few dealers (although the dealers often trade amongst themselves in a multilateral manner through interdealer brokers).

RESOLVED: Shareholders request that our Company:

- Disclose in greater detail its use of repurchase agreement transactions and securities lending transactions, including disclosures of sufficient detail that investors can determine: i) how transactions are cleared (e.g., bilaterally between the counterparties, through a clearing house or a clearing bank); ii) how haircuts are used to discount the value of securities as well as the expected liquidity in the event of a counterparty default; iii) the mean, average and maximum term of these transactions; iv) whether and to what extent securities used as collateral do or do not trade in reliably liquid markets.

Disclose its position on efforts by regulatory or supervisory authorities to collect and report information about repo markets in order to be better able to detect the buildup of risk exposures and emerging points of stress in the financial system.

- **When acting as a repo dealer, adopt the use of transparent, multilateral trading facilities so that all market participants can see all market prices (for repo rates, term and for the full range of collateral offered).**

Shelley J. Dropkin
Deputy Corporate Secretary
and General Counsel,
Corporate Governance

Citigroup Inc
425 Park Avenue
2 Floor
New York NY 10022

T 212 793 7395
F 212 793 7600
dropkins@citi.com



VIA UPS

November 8, 2011

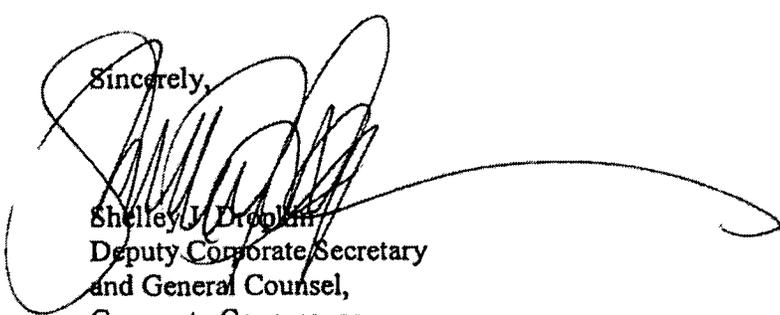
**The Sisters of Charity of Saint Elizabeth
P.O. Box 476
Convent Station, NJ 07961-0476
Attention: Sister Barbara Aires, SC**

Dear Sister Barbara:

Citigroup Inc. acknowledges receipt of the stockholder proposal submitted by The Sisters of Charity of Saint Elizabeth for consideration by Citigroup's stockholders at the Annual Meeting in April 2012.

Please note that you are required to provide Citigroup with a written statement from the record holder of The Sisters of Charity of Saint Elizabeth's securities that The Sisters of Charity of Saint Elizabeth has held Citigroup stock continuously for at least one year as of the date you submitted the proposal. This statement must be provided within 14 days of receipt of this notice, in accordance with the rules and regulations of the Securities and Exchange Commission.

Sincerely,



Shelley J. Dropkin
Deputy Corporate Secretary
and General Counsel,
Corporate Governance