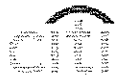

February 1, 2008

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Securities Exchange Act Release No. 57020 (File No. SR-FINRA-2007-012)
Proposal to Amend Trade Reporting Rules to Require Related Market Center Indicator on Certain Non-Tape Reports Submitted to FINRA

Dear Ms. Morris:

Citigroup Global Markets, Inc.[1] ("Citi") appreciates this opportunity to comment on FINRA File No. SR-FINRA-2007-012 ("Proposal to Amend Trade Reporting Rules to Require Related Market Center Indicator on Certain Non-Tape Reports Submitted to FINRA"). Citi strongly opposes the adoption of this proposal.

FINRA is proposing to amend its trade reporting rules to require that any non-tape report submitted to a trade reporting facility identify where the associated trade was reported (if not on the same facility as the non-tape report). FINRA argues that this proposal would promote a more complete audit trail and to help ensure that members are not using non-tape reports to circumvent other regulatory requirements.

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[1] Citigroup is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate clients as well as governments and other institutions. Citigroup has some 200 million client accounts and does business in more than 100 countries. Citigroup's primary U.S. broker-dealer subsidiary, Citigroup Global Markets Inc., is registered as a broker-dealer in all 50 states, the District of Columbia, Puerto Rico, Taiwan and Guam, and is also a primary dealer in U.S. Treasury securities and a member of the principal United States futures exchanges. Citi strongly believes in the development of trading technology that provides our clients with the highest quality services. Pursuant to that goal, Citi recently acquired Automated Trading Desk ("ATD"). In 2007, Citi's combined volumes accounted for over ten (10) percent of NMS market volumes, along with a significant share of the daily volume for OTC Bulletin Board, Pink Sheet securities, options and other financial instruments. Additional information may be found at www.citigroup.com or www.citi.com.

However, FINRA simply fails to address the many practical issues raised by their proposal.

DISCUSSION

First, it is not always possible for a firm to know to which market the associated trade was reported. For example, if Member Firm A sends a buy order to Market Maker B in a stock in which Market Maker B is registered as a market maker, Market Maker B has the trade reporting obligation under current trade reporting rules. Pursuant to the Uniform Service Bureau/Executing Broker Agreement (USBEBA)[2], Market Maker B and Member Firm A have given Market Maker B authority to report the trades to a trade reporting facility. The terms of the USBEBA give Market Maker B the authority to print the trade to any appropriate trade reporting facility, without giving any notice to Member Firm A. Under these circumstances, it is not possible for Member Firm A to know with any certainty where Market Maker B will print Member Firm A's order. Even if Member Firm A and Market Maker B agree that Market Maker B will print all of Member Firm A's orders to one trade reporting facility, there is no guarantee that this will continue. If for no reason other than disaster recovery purposes, it would be prudent for Market Maker B to have access to more than one reporting venue. In the event that Market Maker B loses connectivity to its primary reporting venue (or the primary reporting venue experiences a system loss), Market Maker B could switch reporting to a different trade reporting facility. Even if Market Maker B promptly informed Member Firm A of the switch, in a market where thousands of orders can be sent, received, executed and reported in seconds, this rule proposal would find Member Firm A in violation for all non-media reports made before Member Firm A was able to change its reporting of Market Maker B's reporting venue. Moreover, many firms do not allow (and their systems may not be able to accommodate) changes within their production systems during the course of a trading day. Therefore, a change by Market Maker B early in the day (even for very good reasons) could cause Member Firm A to be in violation of the proposed rule for an entire day.

Second, the rule filing is unclear. The filing does not identify how riskless principal trades that are the result of executions at multiple centers should be handled. For example, if Member Firm A receives a best efforts Volume Weighted Average Price (VWAP) order from its client, Member Firm A might trade with every available market center in order to attempt to achieve VWAP. At the end of the day, Member Firm A might report a non-media, clearing-only, average priced execution back to their client. There is no provision in the rule for reporting a riskless principal trade executed across multiple venues.

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[2] The USBEBA states: By executing this Agreement, the undersigned Participant hereby [] authorizes the Service Bureau/Executing Broker to *add or delete* from the list of Approved Facilities attached hereto . . . at any time and *without Participant's prior knowledge and/or approval*[.] (Emphasis added).

Third, as proposed, the rule does not accommodate routing by a third-party's smart order routing technology. In such a case, the order sending firm may not know where the tape report occurs. For example, if Member Firm A routes an order to Member Firm B's smart order router, the smart order router may send the order to Market Maker C, and if Market Maker C does not internalize the order, Market Maker C may seek liquidity from another source. Market Maker C may route to another market maker, an exchange, an ECN, an ATS or other source of liquidity. If the order is being routed amongst these participants on a riskless principal basis, Market Maker C may (or may not) know where the trade is reported (as discussed above).[3] Member Firm B has much less of a chance of knowing where the order was tape reported. Finally, it is nearly inconceivable that Member Firm A will be able to identify where the trade was reported. There is no provision in current industry infrastructures to capture and disseminate this information throughout such a trading chain. However, according to the proposal, any participant reporting a non-media trade would be required to know this information.

Conclusion

Citi appreciates this opportunity to address the issues raised by SR-FINRA-2007-012. As noted above, there are multiple reasons why the proposed rule simply will not function as intended. Moreover, the need for this audit trail simply does not seem that pronounced. FINRA noted in the proposal that many of these reports are not required to be submitted. As such, it is difficult to comprehend the urgent need of FINRA to tie the tape report together with the non-media report. Further, the technological burdens associated with attempting to accurately record, send and report this information far outweigh any potential benefits. FINRA already has the authority to review trades and request members for further information regarding the trading under review. Citi therefore views this rule making as not only unduly burdensome, but also fundamentally unnecessary.

Citi would be pleased to discuss these matters more fully at your convenience.

Sincerely,

Shane E. Swanson
Managing Director

[3] Further, the trade reporting responsibilities between Market Maker C and the end destination are uncertain. Depending on the status of the receiving firm, either the receiving firm or Market Maker C may be responsible for the trade report. Of course, industry practice has become that the receiving firm will actually perform the trade report pursuant to a USBEBA. Citi supports the adoption of trade reporting rules which place the trade reporting obligation on the executing firm. See FINRA Regulatory Notice 07-46, and associated comments.