

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Act of 1933
Release No. 9627 / August 6, 2014

In the Matter of

**CITIGROUP GLOBAL
MARKETS INC.**

Respondent.

**ORDER UNDER RULE 602(e) OF THE
SECURITIES ACT OF 1933 GRANTING A
WAIVER OF THE RULE 602(b)(4) and
602(c)(2) DISQUALIFICATION PROVISIONS**

I.

Respondent Citigroup Inc. (“Citigroup”) has submitted a letter, dated October 13, 2011, requesting a waiver of the Rule 602(b)(4) and 602(c)(2) disqualifications from the exemption from registration under Regulation E arising from Citigroup Global Markets Inc.’s settlement of an injunctive action commenced by the Commission.

II.

On October 19, 2011, the Commission filed a civil injunctive action in the United States District Court for the District of Columbia, charging Citigroup Global Markets Inc. (“CGMI”) with violations of Sections 17(a)(2) and (3) of the Securities Act of 1933 (“Securities Act”). In its complaint, the Commission alleged that CGMI misrepresented key deal terms, namely the process by which the investment portfolio was selected and Citigroup’s financial interest in the transaction, in connection with a \$1 billion collateralized debt obligation known as Class V Funding III. On August 5, 2014, pursuant to CGMI’s consent, the Court entered a Judgment permanently enjoining Citigroup from violating Sections 17(a)(2) and (3) of the Securities Act (“Final Judgment”).

III.

The Regulation E exemption is unavailable for the securities of small business investment company issuers or business development company issuers if the issuer or any of its affiliates is subject to any order, judgment, or decree of a court “temporarily or permanently restraining or enjoining such person from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security.” *See* Rule 602(b)(4) of the Securities Act. The Regulation E exemption is also not available for the

securities of an issuer if a director, officer, principal security holder, investment adviser or underwriter of the securities to be offered, or any partner, director or officer of such investment adviser or underwriter, is temporarily or permanently restrained or enjoined by any court from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or arising out of such person's conduct as an underwriter, broker, dealer or investment adviser. *See* Rule 602(c)(2) of the Securities Act. Rule 602(e) provides, however, that the disqualification "shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied." 17 C.F.R. § 230.602(e).

IV.

Based upon the representations set forth in Citigroup's request, the Commission has determined that pursuant to Rule 602(e) under the Securities Act a showing of good cause has been made that it is not necessary under the circumstances that the exemption be denied as a result of the Order.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provisions of Rule 602(b)(4) and 602(c)(2) under the Securities Act resulting from the entry of the Final Judgment is hereby granted.

By the Commission.

Kevin M. O'Neill
Deputy Secretary