UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96777 / January 31, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-17808

In the Matter of **CITIGROUP GLOBAL MARKETS, INC.,** **Respondent.**	**ORDER CONSOLIDATING FAIR FUNDS**

ADMINISTRATIVE PROCEEDING
File No. 3-17809

In the Matter of

MORGAN STANLEY SMITH BARNEY LLC,

Respondent.

On January 24, 2017, the Commission issued separate, but related settled orders (collectively, the "Orders") against Citigroup Global Markets, Inc. ("CGMI")[1] and Morgan Stanley Smith Barney LLC ("MSSB").[2] The Commission found that, between August 2010 and July 2011, CGMI, a registered broker-dealer and investment adviser, developed a foreign exchange trading program known as CitiFX Alpha, and that registered representatives of

[1] *See* Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order, Securities Act Rel. No. 10288 (Jan. 24, 2017), (Admin. Proc. File No. 3-17808) (the "Citigroup Order").
[2] *See* Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order, Securities Act Rel. No. 10290 (Jan. 24, 2017), (Admin. Proc. File No. 3-17809) (the "Morgan Stanley Order").

CGMI and MSSB (a wholly owned indirect subsidiary at the time of CGMI) marketed the CitiFX Alpha program to certain brokerage customers and advisory clients of MSSB. The marketing of the CitiFX Alpha program were rendered materially misleading because the marketing materials failed to adequately disclose that the investors could be placed into the program using substantially more leverage than was disclosed and that mark-ups would be charged on each trade. The undisclosed leverage and mark-ups caused the investors to suffer losses.

As a result of the conduct described in the Citigroup and Morgan Stanley Orders, the Commission found, in their respective Orders, that CGMI and MSSB violated Section 17(a)(2) of the Securities Act of 1933. The Commission ordered, among other things, CGMI and MSSB to each pay a total of $2,963,735.61 in disgorgement, prejudgment interest, and civil money penalty to the Commission. In each of the Orders, the Commission created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties paid, along with the disgorgement and prejudgment interest paid, can be distributed to harmed investors.

CGMI and MSSB have paid a total of $5,927,471.22 in disgorgement, prejudgment interest, and civil money penalties, as ordered, into their respective Fair Funds. The Fair Funds are currently on deposit in interest-bearing accounts at the United States Department of Treasury. Any interest accrued will be added to the Fair Funds for the benefit of the investors harmed by the conduct described in the Orders.

The Division of Enforcement recommends that the Fair Funds created pursuant to the Orders be consolidated into a single Fair Fund (the “Morgan Stanley Smith Barney Fair Fund”) for purposes of distribution to harmed investors.

Accordingly, IT IS HEREBY ORDERED that the Fair Funds created pursuant to the Orders are consolidated into a single Fair Fund, the Morgan Stanley Smith Barney Fair Fund, for purposes of distribution to harmed investors.

By the Commission.

Vanessa A. Countryman
Secretary