

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Act of 1933
Release No. 9154 / October 20, 2010

In the Matter of

CITIGROUP INC.

**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.

Citigroup Inc. (“Citigroup”) has submitted a letter, dated July 15, 2010, 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’s settlement of an injunctive action commenced by the Commission.

II.

On July 29, 2010, the Commission filed a civil injunctive action in the United States District Court for the District of Columbia, charging Citigroup with violations of Section 17(a)(2) of the Securities Act of 1933 (“Securities Act”), Section 13(a) of the Securities Exchange Act of 1934 (“Exchange Act”) and Exchange Act Rules 13a-11 and 12b-20. In its complaint, the Commission alleged that Citigroup made repeated misleading public disclosures relating to the extent of its exposure to sub-prime mortgages during 2007. On October 8, 2010, pursuant to Citigroup’s consent, the Court entered a Judgment permanently enjoining Citigroup from violating Section 17(a)(2) of the Securities Act, Section 13(a) of the Exchange Act, and Exchange Act Rules 13a-11 and 12b-20 (“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) under 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) under 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 Final Judgment.

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.

Elizabeth M. Murphy
Secretary