



DIVISION OF
TRADING AND MARKETS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

December 17, 2025

Mr. Thomas Treadwell,
Managing Director, Futures and Derivatives Clearing
Citigroup Global Markets Limited ("CGML")
Citigroup Centre, 33 Canada Square
London E14 5LB, England

Re: CGML providing certain clearing services to affiliate CBNA at LCH SA

Dear Mr. Treadwell:

Based on the facts and representations set forth herein and in your letter dated December 9, 2025 ("Letter"),¹ the staff of the Division of Trading and Markets ("Division") will not recommend enforcement action to the Securities and Exchange Commission ("Commission") under Section 3E(b), (d), and (e) of the Securities Exchange Act of 1934 and Rule 18a-4 thereunder in connection with Citibank, N.A.'s ("CBNA's") subordination of its claims to the CBNA SBS Account Property under the circumstances set forth in the Letter.² You state in the Letter that CBNA is an affiliate of CGML and would enter into a non-conforming subordination agreement with CGML to enable CBNA to clear SBS and swaps for its own account on LCH SA on a portfolio margined basis through CGML, a clearing member of LCH SA.

This Division staff position is based strictly on the facts and circumstances stated in the Letter. Any different facts or circumstances from those set forth in the Letter may require a different response. Furthermore, this response expresses the Division staff's position on enforcement action only and does not purport to express any legal conclusions on the questions presented. The Division staff expresses no view with respect to any other questions that the proposed activities may raise, including the applicability of any other federal, state, or foreign laws. This position is subject to modification or revocation at any time.

Sincerely,

Raymond A. Lombardo
Assistant Director

¹ A copy of the Letter is attached.

² Each defined term in this no-action position has the same meaning as defined in the Letter, unless we note otherwise.



Citigroup Global Markets Limited
Citigroup Centre, 33 Canada Square
London E14 5LB
England

Mr. Michael A. Macchiaroli
Associate Director, Office of Broker-Dealer Finances
Division of Trading & Markets
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549
USA

Via E-mail to: MacchiaroliM@sec.gov; LombardoR@sec.gov; and SelwayJA@sec.gov

Re: CGML providing certain clearing services to affiliate CBNA at LCH SA

December 9, 2025

Dear Mr. Macchiaroli:

Citigroup Global Markets Limited (CGML) is an English company that is registered with the U.S. Securities & Exchange Commission (Commission) as a security-based swap dealer (but is not registered with the Commission as a broker-dealer). Citibank, N.A. (CBNA) is an affiliate of CGML, and both entities are indirect subsidiaries of Citigroup, Inc.

As we discussed during our November 17, 2025 call with representatives of CBNA and CGML (including Oscar Rodriguez, Director, Citigroup Global Markets Inc. (Futures and Derivatives Clearing) and Peter Kals, Director and Senior Lead Counsel), CBNA seeks to clear security-based swaps (SBS) and swaps for its own account at LCH.Clearnet SA (LCH SA), an SEC-registered securities clearing agency, through CGML, a clearing member of LCH SA, in order to facilitate the demand of counterparties of CBNA that wish to clear single-name- and index- credit default swaps (CDS) on LCH SA. Such single-name- and index-CDS are SBS and swaps, respectively. CGML, a clearing member of LCH SA, would enable CBNA to clear such SBS and swaps on LCH SA on a portfolio margined basis. Under

this arrangement, but for the subordination agreement discussed herein, CBNA would be a “security-based swap customer” of CGML, as such term is defined in paragraph (a)(8) or Rule 18a-4 (17 CFR 240.18a-4(a)(8)).

In order to permit CGML to provide portfolio margining for CBNA’s SBS and swap positions in this manner, CGML and CBNA would enter into a non-conforming subordination agreement (Agreement) so that CBNA, consistent with paragraph (a)(8) of Rule 18a-4, “is subordinated to all claims of security-based swap customers of the security-based swap dealer” (i.e., CGML). CGML and CBNA represent to the Division that the CBNA positions to be subordinated are held solely for the account of CBNA and will not at any time contain positions or margin carried on behalf of any other person. The effect of such subordination is that CBNA would not be treated as a security-based swap customer of CGML, such that CBNA’s SBS positions and related margin would not be subject to the segregation requirements of SEC Rule 18a-4. Instead, the cleared SBS and swap positions, and related margin, of CBNA, as an affiliate of CGML, would be treated as “proprietary” within the meaning of relevant Commodity Futures Trading Commission (CFTC) regulations.

Specifically, pursuant to the Agreement, CBNA would irrevocably agree that its claims against CGML with respect to its cleared SBS positions, and related margin and collateral, whether in the form of cash, securities or other property (“CBNA SBS Account Property”) are subordinate to the claims of all SBS customers of CGML. In the Agreement, CBNA would further acknowledge and agree that:

- (i) any CBNA SBS Account Property that CBNA submits to CGML for the purpose of clearing SBS at LCH SA is proprietary to CBNA, meaning that such assets do not belong to any person other than CBNA;
- (ii) CGML will maintain the CBNA SBS Account Property in an individually segregated account at LCH SA. Such positions will be commingled with swap transactions cleared by CGML on behalf of CBNA (and related margin and collateral) that are treated as “proprietary” positions with respect to CGML under applicable CFTC regulations. CBNA’s SBS and swap positions will be subject to portfolio margining with such swap transactions in accordance with the rules and regulations of LCH SA;
- (iii) CBNA will not be treated as a “security-based swap customer” with respect to CGML with respect to the SBS Account Property;
- (iv) the security-based swap dealer segregation requirements of Section 3E(b), (d) and (e) of the Securities Exchange Act of 1934 and Rule 18a-4 thereunder will not apply to the CBNA SBS Account Property ;

(v) the SBS Account Property will not constitute “customer property” for purposes of subchapter III of Chapter 7 of the U.S. Bankruptcy Code (if applicable) in a liquidation of CGML; and

(vi) the claims of CBNA in respect of the CBNA SBS Account Property will not give rise to a customer claim against CGML under subchapter III of Chapter 7 of the U.S. Bankruptcy Code (if applicable) in a liquidation of CGML.

Further, CGML will obtain: (1) an opinion of counsel that CBNA is legally authorized¹ to enter into the Agreement, and (2) any other relief needed to permit the portfolio margining of CBNA’s SBS and swap positions at LCH SA cleared through CGML.

Accordingly, CGML requests that the Division provide assurance that it would not recommend enforcement action to the Commission under Section 3E(b), (d), and (e) of the Securities Exchange Act of 1934 and Rule 18a-4 thereunder in connection with CBNA’s subordination of its claims to the CBNA SBS Account Property under the circumstances set forth herein.

If you have any questions regarding the foregoing, please feel contact Peter Kals, Director and Senior Lead Counsel, Citigroup Global Markets Inc. at: peter.kals@citi.com or (212) 816-4606 and Raj Bhatt, Senior Vice President and Senior Lead Counsel, Citigroup Global Markets Limited at: raj.bhatt@cit.com or 011-44-207-508-1725.

Sincerely,

 9/12/25

Thomas Treadwell
Managing Director, Futures and Derivatives Clearing
CGML

¹ The opinion of counsel will include customary opinions that CBNA has the corporate power to enter into the Agreement and that CBNA’s execution and delivery of the Agreement does not, and performance of the Agreement will not, violate applicable law, rule or regulation.