

CIRCULAR 044-24

May 1st, 2024

HEARING BEFORE THE DISCIPLINARY COMMITTEE

CITIGROUP GLOBAL MARKETS INC.

There will be a Disciplinary Committee hearing on **May 31, 2024 at 9:30 a.m.** by videoconference, in order to decide on the acceptance of a settlement agreement negotiated between the staff of the Regulatory Division of Bourse de Montréal Inc. (the “**Bourse**”) and Citigroup Global Markets Inc. (the “**Respondent**”), in connection with a disciplinary complaint filed against the Respondent.

The proposed settlement agreement concerns allegations that:

1. During the period from October 1, 2015 to December 5, 2019, the Respondent contravened paragraphs (a) and (i)(i) of article 6.500 (paragraphs 1) and 6) b) of article 14102 prior to January 1, 2019) – “Reports of Accumulated Positions” of the Rules of the Bourse (the “Rules”) by systematically failing to report the positions in options on futures contracts that exceeded the prescribed reporting threshold;
2. During the period from January 1, 2019 to December 31, 2019, the Respondent contravened paragraphs (a) and (i)(i) of article 6.500 – “Reports of Accumulated Positions” of the Rules by failing to report, on at least 6 instances, SXF, BAX or CGB positions in futures contracts that exceeded the prescribed reporting threshold, and by reporting, on at least one instance, an inaccurate number of SXF positions in futures contracts;
3. During the period from September 1, 2017 to March 31, 2022, the Respondent contravened paragraphs (a), (d)(iii) and (g) of article 6.500 (paragraphs 1) and 4) of article 14102 prior to January 1, 2019) – “Reports of Accumulated Positions” of the Rules by reporting, for one account, an identifier that is not the unique legal entity identifier associated with this account;
4. During the period from November 13, 2019 to September 9, 2021, the Respondent contravened paragraph (a) of article 6.500 – “Reports of Accumulated Positions” of the Rules by an excessive usage of the LOPR Notification Portal on approximately 199 instances out of 458 reportable days, representing a usage of 43% during this period, in replacement of the prescribed LOPR tool due to an alleged ongoing Respondent’s technical issue not corrected by the Respondent in a timely manner;
5. During the period from June 21, 2019 to January 2, 2020, the Respondent contravened paragraph (a) of article 6.500 – “Reports of Accumulated Positions” of the Rules by filing an inaccurate report on five instances for the positions as of the close of trading on June 20, June 25, September 5, December 30 and December 31, 2019;
6. During the period from October 19, 2015 to April 8, 2022, the Respondent, contravened article 3.100 (article 3011 prior to January 1, 2019) – “Supervision, Surveillance and Compliance” as the Respondent failed to establish and maintain a system to supervise the activities of each employee that is reasonably designed to

Tour Deloitte

1800-1190 avenue des Canadiens-de-Montréal, P.O. Box 37, Montréal, Québec H3B 0G7
Téléphone : 514 871-2424

Toll free within Canada and the U.S.A.: 1 800 361-5353

Website: www.m-x.ca

achieve compliance with the requirements of article 6.500 (article 14102 prior to January 1, 2019) of the Rules, more specifically:

- (i) The Respondent did not have specific supervisory procedures ensuring the completeness and accuracy of the information being reported to the Bourse;
- (ii) The Respondent did not provide any documentation demonstrating adequate supervision or review of position files prior to reports being transmitted to the Bourse;
- (iii) The Respondent had no efficient and timely escalation process as it was notably unable to solve its own technical issue regarding the submission of its LOPR reports in the prescribed manner for the period between November 13, 2019 to September 9, 2021; and
- (iv) The Respondent had no formal training in place for employees responsible for the LOPR submissions other than discussions of the Respondent's procedures between the responsible manager and its employees;

In accordance with article 4.302 of the Rules, this hearing will not be open to the public.

For further information, please contact the legal affairs of the Regulatory Division of the Bourse by e-mail at mxrlegal@tmx.com.

Marie-Sylvie Poissant
Secretary of the Disciplinary Committee