



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 23, 2007

Carl Howard, Esq.
General Counsel
Bank Regulatory
Citigroup Inc.
425 Park Avenue, 2nd Floor/Zone 2
New York, New York 10022

Dear Mr. Howard:

This letter is in response to a request dated September 24, 2007, from Citigroup Inc. (“Citigroup”), New York, New York, to broaden the scope of its temporary exemption from section 23A of the Federal Reserve Act and the Board’s Regulation W¹ that the Board granted on August 20, 2007 (the “August 20th exemption”).² The August 20th exemption allows Citigroup’s subsidiary bank, Citibank, N.A. (“Bank”), Las Vegas, Nevada, to engage in certain securities financing transactions (“SFTs”) with its affiliate, Citigroup Global Markets Inc. (“Affiliated U.S. Broker-Dealer”), New York, New York, subject to several conditions described in the August 20th exemption. You have asked the Board to expand the August 20th exemption to permit Bank to engage in SFTs with its European broker-dealer affiliate, Citigroup Global Markets Ltd., London, United Kingdom (“Affiliated U.K. Broker-Dealer”).

You have represented that for operational reasons the Affiliated U.K. Broker-Dealer can more efficiently administer SFTs with market participants outside the United States. SFTs between Bank and the Affiliated U.K. Broker-Dealer would be covered transactions under section 23A and Regulation W, for the same reasons explained in the August 20th exemption. Because the

¹ 12 U.S.C. § 371c; 12 CFR part 223.

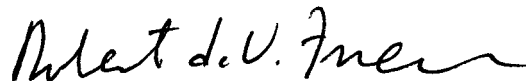
² See Board Letter dated August 20, 2007, to Carl Howard, Esq. (Citigroup).

August 20th exemption applied only to SFTs between Bank and the Affiliated U.S. Broker-Dealer, you have requested that the Board modify the exemption to allow Bank to engage in SFTs using the Affiliated U.K. Broker-Dealer as its intermediary instead of the Affiliated U.S. Broker-Dealer.

The Director of the Division of Banking Supervision and Regulation, pursuant to authority delegated by the Board, and with the concurrence of the General Counsel, has determined to expand the August 20th exemption to permit Bank to engage in SFTs with its Affiliated U.K. Broker-Dealer, provided that the SFTs are conducted subject to the same conditions and limits described in the August 20th exemption. Specifically, Bank's aggregate exempt covered transactions under this expanded exemption, with the Affiliated U.S. Broker-Dealer and the Affiliated U.K. Broker-Dealer, may not exceed \$25 billion.

This determination is specifically conditioned on compliance by Citigroup, Bank, and the Affiliated U.K. Broker-Dealer with all the commitments and representations they made to the Board in connection with the exemption request. These commitments and representations are deemed to be conditions imposed in writing by the Board in connection with granting the request and, as such, may be enforced in proceedings under applicable law. This determination is based on the specific facts and circumstances of the transactions described in your correspondence and this letter. Any material change in those facts and circumstances or any failure by Citigroup, Bank, or the Affiliated U.K. Broker-Dealer to observe any of its commitments or representations may result in a different view or in a revocation of the exemption.

Sincerely yours,



Robert deV. Frierson
Deputy Secretary of the Board

cc: Federal Reserve Bank of New York
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency