ARTICLE 38(6) CSDR PARTICIPANT DISCLOSURE

1. Introduction

The purpose of this document is to disclose the levels of protection associated with the different levels of segregation that Citigroup Global Markets Inc. and subsidiaries (***we***) provide in respect of securities that we hold directly for clients with Central Securities Depositories within the EEA (***CSDs***), including a description of the main legal implications of the respective levels of segregation offered and information on the insolvency law applicable. This disclosure is required under Article 38(6) of the Central Securities Depositories Regulation (***CSDR***) in relation to CSDs in the EEA.

Under CSDR, the CSDs of which we are a direct participant (see glossary) have their own disclosure obligations and we include links to those disclosures in this document.

This document is not intended to constitute legal or other advice and should not be relied upon as such. Clients should seek their own legal advice if they require any guidance on the matters discussed in this document.

2. Background

We record each client's individual entitlement to securities that we hold for that client in one or more client securities accounts established and maintained for such client in our own books and records pursuant to the terms of the custodial services agreement between the client and us. We also open accounts with the CSDs in which we hold clients' securities. We currently make two types of accounts with the CSDs available to clients: Individual Client Segregated Accounts (***ISAs***) and Omnibus Client Segregated Accounts (***OSAs***).

An ISA is used by us to hold the securities of a single client and therefore the client's securities are held by us in a CSD account which is separate from accounts used to hold the securities of other clients and our own proprietary securities.

An OSA is used by us to hold the securities of a number of clients on a collective basis. However, we do not hold our own proprietary securities in OSAs.

3. Main legal implications of levels of segregation

Insolvency

Clients' legal entitlement to the securities that we hold for them directly with the CSDs would not be affected by our insolvency, whether those securities were held in ISAs or OSAs.

The distribution of the securities in practice on an insolvency would depend on a number of factors, the most relevant of which are discussed below

Application of U.S. insolvency law

As a U.S. domestic corporation and a registered broker-dealer, if we were to become insolvent or in certain other events, we would be subject to liquidation proceedings under the U.S. Securities Investor Protection Act (***SIPA***). In addition, if our parent Citigroup Inc. (***Citigroup***) were to become insolvent or in certain other events, it would enter bankruptcy proceedings under the U.S. Bankruptcy Code (the ***Code*****)** and, under the Citigroup U.S. resolution plan (see glossary), we would continue in operation for the benefit of the Citigroup bankruptcy estate. We would, however, be subject to the authority of the FDIC under the Citigroup U.S. resolution plan to initiate a "solvent wind-down" through the sale or runoff of our positions in an orderly, value-maximizing manner.

Under the regulations of the U.S. Securities and Exchange Commission (***SEC***) and other provisions of law applicable to broker-dealers and investment advisers, structural risk mitigants which provide client protections include that client securities are not held on our balance sheet as our assets and client securities are separately identifiable and fully segregated from our assets. Under SIPA and other applicable U.S. insolvency law, customers would have the ability to submit a claim to the Securities Investor Protection Corporation (***SIPC***) in order to reclaim any customer property held by us; such customer property would not be subject to the claims of our general creditors and would not be available to the FDIC, pursuant to its authority under the Citigroup U.S. resolution plan, for any purpose other than distribution to applicable clients or upon clients' instructions.

As a consequence, it would not be necessary for clients to make a claim in our insolvency as a general unsecured creditor in respect of those securities. Securities that we held on behalf of clients would also not be subject to sale or runoff under the Citigroup U.S. resolution plan.

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Nature of clients' interests

Although our clients' securities are registered in our name at the relevant CSD, we hold them on behalf of our clients, who are considered as a matter of law to have a beneficial ownership interest in those securities. This is in addition to any contractual right a client may have against us to have the securities delivered to them.

This applies both in the case of ISAs and OSAs. However, the nature of clients' interests in ISAs and OSAs is different. In relation to an ISA, each client is beneficially entitled to all of the securities held in the ISA attributable to that client. In the case of an OSA, as the securities are held collectively in a single account

(including, for example, securities held in "street name"), each client is normally considered to have an undivided beneficial interest in all securities in the account proportionate to its holding of securities as recorded in our books and records.

Our books and records constitute evidence of our clients' beneficial interests in the securities. The ability to rely on such evidence would be particularly important on our insolvency and in the case of an OSA, since no records of individual clients' entitlements would be held by the relevant CSD.

We are subject to a range of SEC regulations governing the protection of customer securities, including rules requiring broker-dealers to segregate customer securities and cash, to conduct periodic counts and verification of securities held for customers and held for the broker-dealer's own account and comparison of the resulting amounts with its records, to send periodic customer account statements, and to maintain highly liquid "net capital" to satisfy liabilities to customers, and rules requiring investment advisers who have custody of client funds and securities to follow specified audit and verification procedures (collectively the ***Customer Protection Rules***).

Shortfalls

If there were a shortfall between the number of securities that we are obliged to deliver to clients and the number of securities that we hold on their behalf in either an ISA or an OSA, this could result in fewer securities than clients are entitled to being returned to them on our insolvency. The way in which a shortfall could arise would be different as between ISAs and OSAs (see further below).

How a shortfall may arise

We do not permit clients to make use of or borrow securities belonging to other clients for transaction settlement purposes, even where the securities are held in an OSA, in order to reduce the chances of a shortfall arising as a result of the relevant client failing to meet its obligation to reimburse the OSA for the securities used or borrowed. Where we have been requested to settle a transaction for a client and that client has insufficient securities held with us to carry out that settlement, in the case of both an ISA and an OSA, we may be required under applicable securities laws to "close out" the transaction by buying or borrowing securities needed to meet the client's settlement obligation.

However, a shortfall could arise as a result of an inadvertent administrative error or operational failure.

Nothing in this paragraph should be construed to override any obligation that the client owes us in respect of any irrevocable payment or delivery obligations (as these terms are defined in the agreement which we have in place with the client as amended or supplemented from time to time) which we incur in settling that client's trades.

Treatment of a shortfall

In the case of an ISA, the whole of any shortfall on the relevant account would be attributable to the client for whom the account is held and would not be shared with other clients for whom we hold securities. Similarly, the client would not be exposed to a shortfall on an account held for another client or clients.

In the case of an OSA, the shortfall generally would be shared among the clients with an interest in the OSA, *pro rata* in accordance with the amounts of their respective interests. **Therefore, a client may be exposed to a shortfall even where securities have been lost in circumstances which are completely unrelated to that client's interest in the OSA**.

If a shortfall arose for which we are liable to clients, and we do not set aside our own cash or securities to cover the shortfall, the clients may have a claim against us for any loss suffered. In addition, SIPA provides clients with additional protection against shortfalls of cash and securities, including shortfalls of cash and securities held in an OSA or another omnibus client account. If we were to become insolvent prior to covering the shortfall, the clients would rank as general unsecured creditors for any amounts owing to them in connection with such a claim, subject to SIPA protection. The clients would therefore be exposed to the risks of our insolvency, including the risk that they may not be able to recover all or part of any amounts claimed.

In these circumstances, clients could be exposed to the risk of loss on our insolvency. If securities were held in an ISA, the entire loss (equal to the shortfall) would be borne by the client for whom the relevant account was held. If securities were held in an OSA, each of the clients with an interest in that account would bear a loss generally equal to the client's *pro rata* share of the shortfall.

In order to calculate clients' shares of any shortfall in respect of an OSA, each client's entitlement to securities held within that account would need to be established as a matter of law and fact based on our books and records. Any shortfall in a particular security held in an OSA would then be allocated among all clients with an interest in that security in the account. It is likely that this allocation would be made rateably between clients with an interest in that security in the OSA, although arguments could be made that in certain circumstances a shortfall in a particular security in an OSA should be attributed to a particular client or clients. It may therefore be a time consuming process to confirm each client's entitlement. This could give rise to delays in returning securities and initial uncertainty for a client as to its actual entitlement on an insolvency.

Security interests

Security interest granted to a third party other than a CSD

Security interests granted over clients' securities (which for the avoidance of doubt must always be granted in accordance with the terms of the contractual agreements

that we have in place with clients) could have a different impact in the case of ISAs and OSAs.

Where the client purports to grant a security interest over its interest in securities held by us which we hold in an OSA and the security interest was asserted against the CSD with which the account was held, there could be a delay in the return of securities from that account to all clients holding securities in the relevant account. However, in practice, we would expect that the beneficiary of a security interest over a client's securities would perfect its security by notifying us rather than the relevant CSD and would seek to enforce the security against us rather than against such CSD, with which it had no relationship. We would also expect the CSDs to refuse to recognise a claim asserted by anyone other than ourselves as account holder. *Security interest granted to CSD*

Should the CSD benefit from a security interest over securities held for a client, there could be a delay in the return of securities to a client (and a possible shortfall) in the event that we failed to satisfy our obligations to the CSD and the security interest was enforced. This applies whether the securities are held in an ISA or an OSA. However, in practice, we would expect that a CSD would first seek recourse to any securities held in our own proprietary accounts to satisfy our obligations and only then make use of securities in client accounts. We would also expect a CSD to enforce its security rateably across client accounts held with it.

Corporate actions

Where securities are held in an ISA and the client is entitled to a fractional entitlement on a corporate action, it is possible that the client would not in practice benefit from that fractional entitlement. However, where securities are held in an OSA, fractional entitlements may be received on an aggregated basis and therefore it is more likely that the clients may be able to benefit from some or all of those fractional entitlements.

Our insolvency may also have an impact on our ability to collect any entitlements, such as dividends, due on clients' securities held in an ISA or OSA or exercise any voting rights in respect of those securities.

4. CSD disclosures

Set out below are links to the disclosures made by the CSDs in which we are participants:

CSD Participant	CSD	Link to CSD website
Citigroup Global Markets Inc.	Euroclear UK and Ireland Ltd	https://my.euroclear.com/en/login.html#redirect=0
	Euroclear Bank SA/NV (ICSD)	https://my.euroclear.com/apps/en/reference-search.html#q=eq:rights%20of%20participants&

		entity=eq:ef:eui:eb&limit=0

These disclosures have been provided by the relevant CSDs. We have not investigated or performed due diligence on the disclosures and clients rely on the CSD disclosures at their own risk.

GLOSSARY

Central Securities Depository or ***CSD*** is an entity which records legal entitlements to dematerialised securities and operates a system for the settlement of transactions in those securities.

Central Securities Depositories Regulation or ***CSDR*** refers to EU Regulation 909/2014 which sets out rules applicable to CSDs and their participants.

direct participant means an entity that holds securities in an account with a CSD and is responsible for settling transactions in securities that take place within a CSD. A direct participant should be distinguished from an indirect participant, which is an entity, such as a global custodian, which appoints a direct participant to hold securities for it with a CSD.

EEA means the European Economic Area.

FDIC means the U.S. Federal Deposit Insurance Corporation.

U.S. resolution proceedings are proceedings for the resolution of failing insured depository institutions under Sections 11 and 13 of the U.S. Federal Deposit Insurance Act.

U.S. resolution plan means Citigroup's resolution plan, commonly known as a living will, periodically submitted for approval to the Federal Reserve Board and the FDIC pursuant to Section 165(d) of the Dodd-Frank Act, that describes Citigroup's strategy for rapid and orderly resolution of its businesses (including, in whole or in part, continuation, reorganization, transfer or liquidation) in the event of Citigroup's insolvency or similar event.

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