



Client Notice: Potential Impact on Payment, Clearing and Settlement Activity if Citi Experiences a Material Adverse Event

As part of resolution planning guidance published by Board of Governors of the Federal Reserve System (Federal Reserve) and the Federal Deposit Insurance Corporation (FDIC) in 2019, Citi and other large financial institutions have been directed by their regulators to communicate with their clients regarding the impact of potential disruptions of payment, clearing and settlement (PCS) services in a potential resolution scenario, such as the one described in the resolution plan¹ of our ultimate parent, Citigroup Inc. Citi is not publishing this notice because of a change in its financial position.

This is a notice to inform our institutional customers and account holders that Citi's ability to provide certain PCS services might be disrupted in the unlikely event our 'resolution plan' were to be activated in connection with Citigroup's material financial distress or failure. This notice does not change the current terms and conditions of your business activity with Citi. Accordingly, it is important for you to consider the potential impacts of such a disruption on your operations in the event that there were to be a downward adjustment of your uncommitted intraday credit lines, including alternative settlement arrangements.

In a potential resolution scenario, such as the one described in its resolution plan, Citi could face heightened liquidity pressures causing careful prioritization of settlement-related payment obligations for its institutional clients. If Citi did exercise its right to decrease intraday credit for trading or settlement activity in accordance with any legal agreement or applicable regulation you might need to prefund your settlement or margin obligations to Citi, and/or Citi might in its discretion suspend the settlement of unfunded transactions until sufficient cash or acceptable margin is deposited. Accordingly, it is important for you to consider both the terms of any legal agreement and any potential impacts of such a disruption on your operations.

Citi has also analyzed possible alternative arrangements that would allow our clients continued access to PCS services in the unlikely event that Citi's access to Financial Market Infrastructures (FMIs) or Agent Banks was disrupted. Citi will provide additional communication to clients if the firm's assessment of its potential access to FMIs and Agent Banks changes prior to and during resolution.

In such circumstances, you might elect either to adjust your settlement and/or clearing activity with us or to place cash buffers in each of your settlement accounts, margin buffers or clearing accounts with Citi, as applicable. This would ensure that your accounts have sufficient balances and reduce your need for intraday credit from Citi. In some cases, this may require prefunding of gross settlement obligations.

If you have any questions regarding this notification, please contact your Citi representative.

¹ Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires that certain bank holding companies, including Citi, periodically submit a "resolution plan" to the Federal Reserve and the FDIC. Each resolution plan, commonly known as a living will, must describe the company's strategy for rapid and orderly resolution in the event of material financial distress or failure of the company, and include both public and confidential sections as well as consider alternative or contingency arrangements that would facilitate a customers' continued access to PCS services in the event of a disruption of the company's ability to provide PCS services. The resolution plan is not binding on a bankruptcy court or other resolution authority, and the failure scenarios and associated assumptions set forth in the resolution plan are hypothetical and do not necessarily reflect an event or events to which Citigroup and its subsidiaries are or may become subject. The public section to our resolution plan is available on the Federal Reserve's and FDIC's websites.