

Article 38 Central Securities Depositories Regulation Costs Disclosure

Citibank N.A.

1. Introduction

- 1.1 The purpose of this document is to disclose the costs associated with the different levels of segregation provided in respect of securities that Citibank N.A. and its various branches listed in section 4.5 (hereinafter referred to as “we”, “us”, “our” or “Citi”) hold directly for clients with Central Securities Depositories within the EEA and the UK (“CSDs”).
- 1.2 Citi is a direct participant in a number of CSDs and in this capacity is required to make this disclosure under Article 38 (5) and 38 (6) of the Central Securities Depositories Regulation (“CSDR”)¹.
- 1.3 This costs disclosure should be read in conjunction with our disclosure on the levels of protection associated with the different levels of segregation, including the main legal implications of the respective levels of segregation offered [**Participant Disclosure**].
- 1.4 While this disclosure provides an overview of the costs associated with the different levels of segregation, this disclosure does not purport to contain all the information a client would need to decide which type of account it should choose in a relevant CSD. We would typically expect to have more detailed discussions with clients around their specific pricing arrangements with a view to assisting them with making a more informed choice on the type of CSD account that would be suitable for them for each relevant CSD.
- 1.5 This costs disclosure is based on the CSD charging structure as of the date of this disclosure. CSDs may change their charging structure from time to time and potentially when the CSDs are duly authorised under CSDR. For up to date CSD fees and charges, clients can visit the website of the applicable CSD.
- 1.6 This costs disclosure is provided to you for information only and is not intended to constitute legal, regulatory, tax, investment, accounting, financial or other advice by any member of the Citi organization. This costs disclosure should not be used or relied upon by any person for the purpose of making any legal, regulatory, tax, investment, accounting, financial or other decision or to provide advice on such matters to any other person. Recipients of this costs disclosure should obtain guidance and/or advice, based on their own particular circumstances, from their own legal, tax or other appropriate advisor. Citi has no responsibility for any loss occasioned as a result of the use of information in this costs disclosure.

1. Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012, as it applies in the EEA and as it forms part of the domestic law of the UK.

2. Background

- 2.1 As explained further in our Participant Disclosure, we currently make two types of accounts with the CSDs available to clients: an Individual Client Segregated Account ("ISA") and an Omnibus Client Segregated Account ("OSA").
- 2.2 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 CSD accounts used to hold the securities of other clients and our own proprietary securities.
- 2.3 An OSA is used by us to hold the securities of a number of clients on a collective basis in a single CSD account. We do not however hold our own proprietary securities in OSAs.
- 2.4 Regardless of the type of account a client chooses to hold its securities at the CSD, 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.
- 2.5 This disclosure sets out in sections 3 and 4 below the costs that may be associated with an ISA and OSA which could include Citi costs, CSD costs and if applicable, any third party fees and costs and how they may vary between the two types of accounts.

3. Citi costs: OSA v ISA

- 3.1 Citi account fees apply in relation to the separate client account(s) that Citi opens on its books and records. The client account(s) opened on Citi's books and records are opened in respect of the relevant CSD account in which the client's securities are held. Citi's account fees would typically consist of:
- (a) a fixed one-off account opening fee charged per account; and
 - (b) a fixed monthly account maintenance fee charged per account (together the "**Citi account fees**").
- 3.2 The Citi Account fees will not vary depending on whether the client chooses to hold its securities in an ISA or an OSA at the CSD and regardless of the type of CSD account chosen, will be borne in full by the relevant client.
- 3.3 In addition there are a number of costs, charges or fees associated with holding securities which would not vary depending on the account structure. These include:
- (a) custody and safekeeping fees;
 - (b) asset servicing fees;
 - (c) transaction fees
 - (d) special transaction fees (such as cancellation and amendment fees);
 - (e) out of pocket expenses;
 - (f) tax reclaims fees; and
 - (g) transaction specific taxes or registration charges.
- 3.4 Furthermore any client relationship specific fees, charges or discounts that apply would not vary depending on the type of account the client may choose to have in a relevant CSD.

4. CSD costs and other third party costs: OSA v ISA

- 4.1 Account opening fees may be charged by a CSD and clients could be subject to the following fees imposed by the CSD on each account:
- (a) a fixed one off account opening fee; and
 - (b) a fixed monthly account maintenance fee (together the “**CSD account fees**”).
- 4.2 CSD account fees may vary depending on the type of account chosen due to additional operational complexity and monitoring however for specific market CSD charging structures clients are encouraged to review the CSD fee schedule published on the applicable CSD website.
- 4.3 The manner in which fees are applied to clients is likely to vary. Fees charged in respect of an ISA, will be borne by the client on whose behalf securities are held in the account, in full. On the other hand, fees in respect of an OSA would be equally shared amongst all clients who hold securities in the account. Accordingly a client holding securities in an OSA would typically expect to pay a lower CSD account fee than a client with an ISA.
- 4.4 There may be other costs/charges levied by a CSD (or a third party) from time to time would be passed to the client at cost. These costs would not however vary depending on whether the client chooses to have an ISA or OSA. These costs include but are not limited to safekeeping fees, settlement fees, registration fees, corporate action fees.
- 4.5 Set out below are links to the CSDs websites in which we are participants:

CSD Participant	CSD	Link to CSD website
Citibank N.A., Head Office	Clearstream Banking SA	http://www.clearstream.com
	Euroclear Bank SA/NV	https://my.euroclear.com/apps/en/reference-search.html?q=eq:rights%20of%20participants&entity=eq:ef:eui:eb&limit=0
Citibank N.A., Manila Branch	Clearstream Banking SA	http://www.clearstream.com
Citibank N.A., London Branch	Euroclear UK and Ireland LTD	https://my.euroclear.com/en/login.html#redirect=0

*All views, opinions and estimates expressed in this communication including links to other disclosures (the "**Communication**") (i) may change without notice, and (ii) may differ from those views, opinions and estimates held or expressed by Citigroup Inc., its subsidiaries and branches thereof worldwide (together "**Citi**") or other Citi personnel. The Communication has been prepared for information purposes only in connection with Article 38(6) and (5) of CSDR. It does not constitute investment, tax or legal advice by Citi or any of its officers, directors, employees or agents and should not be relied upon for those purposes. You should consult with appropriate professional advisors for these specific matters.*

The Communication does not constitute an offer, or an invitation to offer or a solicitation or recommendation to enter into any transaction, nor is it an unofficial confirmation of the terms of any proposal. The subject matter of the Communication is described in summary form only and may maintain material omissions. The Communication has not been prepared by research analysts, and the information in this communication is not intended to constitute "research" as that term is defined by applicable regulations. Furthermore, the information in it is general, may not reflect recent developments and was not intended and must not be considered or relied on as legal, tax, financial or any other form of advice. For a more detailed explanation of the subject of the Communication, please contact your own legal advisors. Professional legal advice should be obtained before taking or refraining from taking any action as a result of the contents of the Communication. Regulation in this area is subject to rapid change and development as regulators and the industry interpret new laws and regulations. You and your legal counsel are encouraged to actively review and monitor regulations applicable to you. No liability is accepted by Citi for any loss (whether direct, indirect or consequential) that may arise from any use of the information contained in or derived from the Communication. Such exclusion does not operate to exclude or restrict Citi's liability for fraud or other liabilities which cannot be excluded or restricted by law.

Citi, its employees and its affiliates are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside of Citi.

Citi specifically prohibits the redistribution of the Communication in whole or in part without the written permission of Citi and Citi accepts no liability whatsoever for the actions of third parties in this respect.

Copyright © 2019 Citigroup Inc. and/or its affiliates. All rights reserved. CITI, CITI and Arc Design, CITIBANK and CITIGROUP are trademarks and service marks of Citigroup Inc. and/or its affiliates and are used and registered throughout the world.