May 2015

Citi’s Standard Spot Foreign Exchange Terms of Dealing

The purpose of this letter is to clarify the nature of the trading relationship between you and Citigroup, Inc. and its affiliates (together, “Citi” or the “Firm”) and to disclose relevant practices of Citi when acting as a dealer, on a principal basis, in the spot foreign exchange (“FX”) markets. We want to ensure that there are no ambiguities or misunderstandings regarding those practices.

We ask that you read this letter because it sets forth our standard terms of spot FX dealing generally with our clients (together with other market participants, “counterparties”) in principal-to-principal transactions in the spot FX markets (as well as when you act as agent for another principal). It sets forth how we will communicate and transact in relation to requests for quotes, requests for indicative prices, discussion or placement of orders and all other expressions of interests that may lead to the execution of transactions and our management of potential or actual conflicts of interest in our principal-dealing and market-making activities. With regard to communications, Citi has done an extensive amount of work on Firm culture, including with respect to the importance of acting with integrity in everything we do. Whether on an open telephone line or otherwise, we are committed to maintaining the highest standards of integrity, being honest and doing the right thing in every circumstance.

Citi is a global financial services firm that has operated and continues to operate as a dealer and market maker in the spot FX market. As such, Citi engages in price quoting, order taking, trade execution and other related activities. Unless otherwise agreed, Citi engages in these transactions as principal for the benefit of the Firm. In that capacity, Citi does not act as agent, fiduciary or financial advisor or in any similar capacity on behalf of its counterparties. Citi is dedicated to upholding a high level of integrity and adhering to best practices and requirements published by relevant international groups and regulatory bodies in our dealings with counterparties. Nonetheless, Citi and its counterparties may have divergent or conflicting interests.

To the extent that you continue to discuss and/or enter into spot FX transactions with us and except as otherwise expressly agreed between Citi and you (or otherwise provided in other applicable Citi terms of dealing) or otherwise required by law or regulation, it will be on the basis of the terms disclosed in this letter.

Principal Trading

- When Citi acts in a principal capacity, we act as an arm’s-length party to transactions with our counterparties. The Firm does not act as agent, fiduciary, financial advisor or in any similar capacity on behalf of a counterparty and thus does not undertake any of the duties that an entity acting in that capacity ordinarily would perform, unless otherwise explicitly agreed between Citi and the counterparty, and then only where we act with discretion in execution. Citi’s sales and trading personnel and FX electronic solutions do not serve as brokers or agents to a counterparty. Citi will be truthful in its statements about any facts, but its statements should not be construed as recommendations or advice. A counterparty is expected to evaluate the appropriateness of any transaction based on the counterparty’s own facts and circumstances and its assessment of the transaction’s merits.
• When Citi is willing to work a counterparty’s “order” (as such term is used herein) at a price (such as a limit order), Citi is indicating a willingness to attempt to enter into the trade at the price requested by the counterparty. Unless otherwise specifically agreed, Citi will exercise its reasonable discretion in deciding, whether to work an order, which orders it would be willing to execute, when it would be willing to execute them, and how it would execute them, including whether to execute all or part of the order unless we have otherwise expressly agreed to different terms of execution. As such, Citi’s receipt of an order or any indication of working an order received from a counterparty does not create a contract between the counterparty and Citi that commits the Firm to execute any or all of the order in any particular way.

• As it relates to timing, Citi may look for market opportunities that satisfy both a price where we can execute a counterparty’s order at the counterparty’s price and earn a reasonable return for that activity, including while managing and prioritizing other interests, positions and executions for Citi and other counterparties. When Citi is willing to execute an order with a counterparty, the price at which Citi would do so may include a markup over the price at which Citi transacted, or may have been able to transact, with other counterparties.

Market Making

• As a market maker that manages a portfolio of positions for multiple counterparties’ competing interests, as well as Citi’s own interests, Citi acts as principal and may trade prior to or alongside a counterparty’s transaction to execute transactions for Citi or to facilitate executions with other counterparties, to manage risk, to source liquidity or for other reasons. These activities can have an impact on the prices we offer a counterparty on a transaction and the availability of liquidity at levels necessary to execute counterparty orders. They also can trigger stop loss orders, barriers, knock-outs, knock-ins and similar conditions. In conducting these activities, Citi endeavors to employ reasonably designed means to avoid undue market impact.

• In addition, as a market maker, Citi may receive requests for quotations and multiple orders for the same or related currency pairs. Citi acts as principal and may seek to satisfy the requests of all of its counterparties and its independent risk management objectives, but it retains discretion with respect to how to satisfy its counterparties, including with respect to order execution, aggregation, priority and pricing. Citi is not required to disclose to a counterparty when the counterparty attempts to leave an order that Citi is handling other counterparties’ orders or Citi orders ahead of, or at the same time as, or on an aggregated basis with, the counterparty’s order. Citi is under no obligation to disclose to a counterparty why Citi is unable to execute the counterparty’s order in whole or in part, provided that Citi will be truthful if we agree to disclose such information.

• Unless otherwise agreed, any firm or indicative price quoted by Citi to a counterparty is an “all-in” price, inclusive of any markup above the price at which Citi may be able to transact, or has transacted, with other counterparties, regardless of the circumstances under which a counterparty receives or overhears a price. Citi’s sales and trading personnel are not obligated to disclose the amount of revenue Citi expects to earn from a transaction, nor are they required to disclose the components of Citi’s all-in price. While we do not have any duties to disclose to a counterparty any mark-up included in the order price, we will be truthful with the counterparty if we make a disclosure about whether and how much markup is included in the price.
If and when a counterparty’s order can be executed at the order price, it does not mean that Citi held, acquired, or would acquire, inventory to complete the transaction at the order price level or that there exists a tradable market at that level. As principal, Citi always attempts to execute an order to make an appropriate return on the transaction if possible, taking into account Citi’s position, including its inventory strategy and overall risk management strategies, its costs, its risks and other business factors and objectives, in Citi’s discretion.

When solicited for, and prior to the execution of, a transaction, Citi may risk-mitigate or hedge any exposure that would be created by such transaction.

Citi has discretion to offer different prices to different counterparties for the same or substantially similar transactions.

It should be expected that Citi’s sales, trading and other personnel will consult, including with respect to a counterparty’s interests, trading behavior and expectations, markup, spread, and any other relevant factors, on a need-to-know basis in order to manage Citi’s market-making positions, and for the benefit of Citi’s trading positions and the handling of other counterparty transactions.

Information Handling

Protecting the confidentiality and security of counterparty information is an important part of how we do business. Citi has policies and controls that are designed to protect a counterparty’s confidential information. However, a counterparty should understand that Citi makes use of information provided to it as principal in order to effectuate and risk manage transactions. Specifically, unless otherwise agreed, Citi may use the economic terms of a transaction (but not the counterparty identity) in order to source liquidity and/or execute risk-mitigating transactions. In addition, as part of its obligations as a regulated entity, Citi also shares counterparty information as required by its global regulators.

With regard to executed transactions, Citi analyzes this information on an individual and aggregate basis for a variety of purposes, including counterparty risk management, sales coverage, and counterparty relationship management.

We also may analyze, comment on, and disclose anonymized and aggregated information regarding executed transactions, together with other relevant market information, internally and to third parties, as market color.

If you have questions after reading this letter or concerning Citi’s dealings with you, we encourage you to contact your senior Citi representative. This letter is also available at http://www.citigroup.com/citi/spotfxdisclosurenotice.html and may be updated from time to time in order to address changing regulatory, industry and other developments.