Citigroup Global Markets Limited

Pillar 3 Disclosures

30 September 2024

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Introduction

Citigroup Global Markets Limited (“CGML” or “the Company”) is a wholly owned, indirect subsidiary of Citigroup Inc. (“Citi”). It is Citi’s international broker dealer, and one of Citi's major global booking hubs serving clients from its headquarters in London or its international subsidiaries and branches. CGML acts as a market maker in equity, fixed income and commodity products across cash, over-the-counter (“OTC”) derivatives and exchange traded markets, as well as a provider of investment banking capital markets and advisory services. CGML operates globally, generating the majority of its business from the United Kingdom ("UK"), with the remainder coming from North Asia and North America clusters.

CGML is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the PRA and Financial Conduct Authority (“FCA”). CGML is also a Commodity Futures Trading Commission registered swap dealer, and United States Securities Exchange Commission registered security-based swap dealer, and is considered a Risk-Taking Operating Material Legal Entity (“MLE”) in Citi’s Global Resolution Plan.

As at 30 September 2024, CGML had four branch offices and three subsidiaries.

Subsidiaries
Citigroup Global Markets Europe AG (Germany)
Citigroup Global Markets Funding Luxembourg SCA
Citigroup Global Markets Funding Luxembourg GP S.a.R.L.

CGML’s businesses predominantly support the Markets and Investment Banking segments of Citi's operations and is almost entirely wholesale in nature, with a client base that encompasses corporates, financial institutions, institutional and other investors, as well as governments and public sector entities. CGML’s principal business activities are outlined on page 1 and 2 of CGML’s Financial Statements.

Regulatory framework for disclosure

Amending the Capital Requirements Directive (“CRD IV”), the Capital Requirements Directive (“CRD V”) came into effect on 27 June 2019 and implements the provisions of the Basel Capital Accord in the European Union ("EU") and mandates a framework of capital adequacy regulation for banks and investment firms incorporating three distinct pillars:

- Pillar 1 prescribes the minimum capital requirements for such firms;
- Pillar 2 addresses the associated supervisory review process; and,
- Pillar 3 specifies further public disclosure requirements in respect of their capital and risk profile.

Following the UK’s departure from the EU, the UK has on-shored certain parts of the Capital Requirements Regulation (“CRR II”) and CRD V and has published rules to implement elements of CRR II in the UK which came into effect on 1 January 2022. These disclosures are made in accordance with Part 8 of the CRR as amended by CRR II and transposed through UK legislation in line with the disclosure requirements detailed in the PRA Rulebook. In addition, CGML implemented the disclosure templates and instructions as set out in the final rules published by the PRA in Policy Statement 22/21.

These disclosures are prepared for CGML on a consolidated Group basis. As at 30 September 2024, Citigroup Global Markets Europe AG (“CGME”) was the only material subsidiary of CGML. CGME is supervised by the European Central Bank.

Means of disclosure

CGML is a non-listed large institution as defined by Article 4 (146 and 148) of the CRR and prepares disclosures in accordance with Article 433a (2), 433a (3) and Article 433a (4). As such, CGML publishes Pillar 3 disclosures quarterly, with a more comprehensive disclosure on an annual basis.

CGML publishes its Pillar 3 disclosures at: https://www.citigroup.com/citi/investors/reg.htm

Disclosures for CGML’s material subsidiary, CGME, are also published at the above location.

CGML's Pillar 3 disclosures complement CGML’s 2023 Financial Statements, available at the same location, and the Citigroup Inc. Annual Report and 10-K available at https://www.citigroup.com/global/investors/annual-reports-and-proxy-statements

Please note there may remain instances where tables do not sum due to rounding.

Policy and Verification

The firm operates within a framework of internal controls and procedures for assessing the appropriateness of this disclosure. In accordance with Article 431 (3) of the CRR, CGML’s Pillar 3 disclosures are governed under Citi’s Basel Public Disclosures Policy and associated Pillar 3 Standard, which together outline the principles and standards to be applied for preparing CGML’s Pillar 3 disclosures.

These discloses are attested to by the UK Chief Finance Officer ("CFO"):

“I confirm that I have taken reasonable measures to ensure that these disclosures comply with the requirements under Section 4 of the PRA rulebook on Disclosure, and have been prepared in accordance with the internal processes, systems and controls as detailed in Citi’s Basel Public Disclosure Policy and supporting Pillar 3 Standard.”

Graham Westgarth
UK Chief Finance Officer

Leverage

The leverage ratio is a measure which allows for the assessment of an institutions' exposure to the risk of excessive leverage. It is a simple non-risk based measure to reinforce the risk based capital framework.

CGML currently calculates the leverage ratio in accordance with the Commission Delegated Regulation (EU) 2015/62. The PRA and FPC have published their Policy Statement, PS21/21, on the UK leverage ratio framework. Under these rules, CGML is an LREQ firm and became subject to a minimum leverage ratio of 3.25% and minimum leverage requirement for Countercyclical leverage buffer from 1 January 2023 and follows the PRA and FPC's rules on leverage ratio disclosures from 1 January 2023.

Table 1: Leverage ratio common disclosure (UK LR2 – LRCom)

		30 September 2024	30 June 2024
		$ million	$ million
Capital and total exposure measure			
23	**Tier 1 capital (leverage)**	**27,386**	27,651
24	Total exposure measure including claims on central banks	**379,318**	432,182
UK-24a	(-) Claims on central banks excluded	**(4,467)**	(4,157)
UK-24b	**Total exposure measure excluding claims on central banks**	**374,851**	428,025
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	**7.3%**	6.5%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**7.3%**	6.5%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**—**	—
UK-25c	Leverage ratio including claims on central banks (%)	**7.2%**	6.4%
26	Regulatory minimum leverage ratio requirement (%)	**3.25%**	3.25%
Additional leverage ratio disclosure requirements – leverage ratio buffers			
27	Leverage ratio buffer (%)	**0.3%**	0.3%
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	**—**	—
UK-27b	Of which: countercyclical leverage ratio buffer (%)	**0.3%**	0.3%
Additional leverage ratio disclosure requirements – disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**—**	—
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**—**	—
UK-31	Average total exposure measure including claims on central banks	**417,723**	450,120
UK-32	Average total exposure measure excluding claims on central banks	**413,377**	445,991
UK-33	Average leverage ratio including claims on central banks	**6.6%**	6.1%
UK-34	Average leverage ratio excluding claims on central banks	**6.7%**	6.2%

CGML's leverage ratio increased over the period to 7.3% as at 30 September 2024. This reflects a $53.2 billion decrease in leverage exposures, primarily driven by the execution of balance sheet management activities.

Minimum Requirement for Own Funds and Eligible Liabilities

From January 2019, systemically important banks were required to hold additional long-term debt which could be made available to absorb losses from a failing institution, known as Total Loss Absorbing Capacity ("TLAC"), or Minimum Requirement for Own Funds and Eligible Liabilities ("MREL") as implemented in the UK.

In the EU these requirements were introduced under CRR II as the MREL, with effect from June 2019. MREL requirements under CRR II were adopted to UK law by The Capital Requirements (Amendment) (EU Exit) Regulations 2019. MREL is a requirement for firms to maintain a minimum amount of loss-absorbing resources over and above the own funds requirements. This helps to ensure that when firms fail, the resolution authority (the Bank of England) can use a firm's own financial resources to absorb losses and recapitalise the business so it can continue to provide critical functions without the need to rely upon public funds and without threatening financial market stability. MREL resources can take the form of regulatory capital and certain types of debt liabilities (or eligible liabilities) that will be written down and/or converted to equity if a firm is likely to fail.

CGML, as a material subsidiary of a non-UK/non-EU Global Systemically Important Institution ("G-SII") under Article 92b of CRR II, makes these disclosures in accordance with point (b) of Article 430 (1), Article 437a and point (h) of Article 447. These tables have been prepared using the uniform format set out in the Basel Committee for Banking Supervision Standard on Pillar 3 disclosure requirements published in 2017. As at 30 September 2024, CGML had own funds and eligible liabilities in excess of its internal MREL requirement.

Table 2: Key Metrics – TLAC requirements (KM2)

		30 September 2024	30 June 2024	31 March 2024	31 December 2023
1	Total Loss Absorbing Capacity (TLAC) available	37,686	38,751	38,790	38,829
2	Total RWA	154,534	152,533	159,405	154,458
3	TLAC as a percentage of RWA (%)	24.4%	25.4%	24.3%	25.1%
4	Leverage exposure measure	374,851	428,025	464,472	437,240
5	TLAC as a percentage of leverage exposure measure (%)	10.1%	9.1%	8.3%	8.9%

Abbreviations

Please refer to the below abbreviations used frequently throughout the document.

CFO	Chief Finance Officer
CGME	Citigroup Global Markets Europe AG
CGML	Citigroup Global Markets Limited
CITI	Citigroup Inc.
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
EU	European Union
FCA	Financial Conduct Authority
FPC	Financial Policy Committee
LREQ	UK Leverage Ratio - Capital Requirement & Buffers
MLE	Material Legal Entity
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
OTC	Over The Counter
PRA	Prudential Regulation Authority
RWA	Risk Weighted Assets
SA-CCR	Standardised Approach to Counterparty Credit Risk
SFT	Securities Financing Transaction
TLAC	Total Loss Absorbing Capacity