

Press Release

SEC Charges Citigroup for Dark Pool Misrepresentations

Citigroup and Affiliate Ordered to Pay More Than \$12 Million in Disgorgement and Penalties

FOR IMMEDIATE RELEASE

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Washington D.C., Sept. 14, 2018 — The Securities and Exchange Commission today entered an order finding that Citigroup Global Markets Inc. misled users of a dark pool operated by one of its affiliates.

The SEC's order found that Citigroup misled users with assurances that high-frequency traders were not allowed to trade in Citi Match, a premium-priced dark pool operated by Citi Order Routing and Execution (CORE), when two of Citi Match's most active users reasonably qualified as high-frequency traders and executed more than \$9 billion of orders through the pool.

The SEC order also found that Citigroup failed to disclose that over a period of more than two years, close to half of Citi Match orders were routed to and executed in other trading venues, including other dark pools and exchanges, that did not offer the same premium features as Citi Match. Citigroup also sent trade confirmation messages to certain users that indicated their orders had been executed on Citi Match when in fact those orders had been executed on an outside venue.

The SEC also found that CORE failed to register as a national securities exchange in connection with its operation of Citi Match.

"Market participants deserve to make informed decisions about where they execute their orders," said Joseph G. Sansone, Chief of the SEC Enforcement Division's Market

Abuse Unit. “All trading venues, regardless of their trade volume, must ensure that their users have accurate information, particularly about key issues like order routing.”

The SEC’s order found that Citigroup violated an antifraud provision of the federal securities laws and that CORE violated a registration provision. Without admitting or denying the findings in the SEC’s order, Citigroup and CORE have agreed to be censured. Citigroup will pay disgorgement and prejudgment interest totaling \$5,437,475 and a penalty of \$6.5 million. CORE will pay a penalty of \$1 million.

The SEC’s investigation was conducted by Vanessa De Simone and Charles Riely of the Market Abuse Unit and Charu A. Chandrasekhar with assistance from Mathew Wong and Mandy Sturmfelz of the Market Abuse Unit. The case was supervised by Mr. Sansone.

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Related Materials

- [SEC Order](#)