

WRITTEN NOTICE

IMA PERMISSION

To: Citigroup Global Markets Limited (FRN 124384) ("the firm")

Address: Citigroup Centre, 33 Canada Square, London E14 5LB

Reference Number: 00006481

Date: 4 July 2023

DECISIONS

1. In accordance with Chapter 5, Title IV, Part 3 of Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as it forms part of retained EU law (the "CRR"), the PRA has decided to grant the firm permission to use the internal model approach in its calculation of own funds requirements for market risk on the terms and conditions set out in Annex 1 (the "IMA Permission").
2. Further to regulations 34B and 35B of the Capital Requirements Regulations 2013 and an application made by the firm in accordance with section 55M(5) of the Financial Services and Markets Act 2000 (the "Act") for certain requirements the PRA has decided to grant the firm the requirements specified in Annex 2.
3. If the firm ceases to comply with the requirements in Chapter 5, Title IV, Part 3 of the CRR, the terms of the IMA Permission set out in Annex 1, or the requirements set out in Annex 2, the PRA will re-consider the terms and conditions of the IMA Permission and the requirements relevant to it, which may include a revocation of the IMA Permission in whole or in part.



4. The IMA Permission and the requirements in Annex 2 take effect on 4 July 2023. This Written Notice replaces Written Notice 5493055.

PROCEDURAL MATTERS

5. If you wish to challenge the decisions taken by the PRA in relation to the IMA Permission, you may refer the matter to the Upper Tribunal.
6. Details of the IMA Permission and the attendant requirements imposed under section 55M of the Act will be published on the Financial Services Register. The full text of this Written Notice will not be published.

Vicky White

Head of Division, US Banks, Authorisations, RegTech and International
Supervision

ANNEX 1

THE INTERNAL MODEL APPROACH PERMISSION

Legal Entities

1. The IMA Permission means that Citigroup Global Markets Limited may use, for the legal entities listed below, on a solo and consolidated basis as indicated, the internal model approach in its calculation of own funds requirements for market risk in relation to the risk categories and categories of position described in paragraphs 3 and 4 of this Annex, in accordance with Sections 1-4, Chapter 5, Title IV, Part 3 of the CRR:
 - 1.1. Citigroup Global Markets Limited on an individual basis; and
 - 1.2. the consolidated situation of Citigroup Global Markets Limited in relation to exposures incurred by Citigroup Global Markets Europe AG.

Other Matters

2. The PRA has granted further permissions under
 - 2.1. Article 363(3) of the CRR.

Changes and extensions

3. In accordance with Article 363(3) of the CRR and Commission Delegated Regulation (EU) 529/2014 as it forms part of retained EU law (the "Delegated Regulation"), the prior approval of the PRA is required for any material change to the models subject to the IMA Permission or any material extension of use of those models. All other changes to, or extensions of use of, the models must be notified to the PRA. As specified by the Delegated Regulation, in certain cases such notification must be made two weeks before the proposed date of implementation.
4. In accordance with Fundamental Rule 7, the PRA expects a firm to discuss with the PRA in advance of implementation details of any significant planned changes or extensions which are relevant to the internal models covered by this permission and which do not necessarily require the prior approval of the PRA under Article 363(3) of the CRR. Such changes might include, for example:
 - 4.1. new models and systems;
 - 4.2. changes to existing models and systems;
 - 4.3. the inclusion of significant new types of positions;

- 4.4. the inclusion of significant new sets of positions, e.g. trading strategies, business units;
- 4.5. significant changes to existing types of position, e.g. currencies, geographies, sectors, maturities/tenors.

These details should include information about the nature of the change, including an estimate of the impact of the change on key risk measures (e.g. VaR) and on the firm's own funds requirements for market risk. They should also include the impact on the own funds requirements for other risk types (such as CVA risk), where relevant.

ANNEX 2

REQUIREMENTS RELEVANT TO THE IMA PERMISSION GRANTED FOLLOWING AN APPLICATION IN ACCORDANCE WITH SECTION 55M(5) OF THE ACT

Reporting Requirements

1. The firm must submit, in respect of that quarter, a report to the PRA with material information about developments and changes with respect to the internal models, as well as the systems and controls relating to them.

Note on disclosure

The PRA has decided not to publish the full text and annexes of IMA permission notices as it has been deemed inappropriate and unnecessary. In particular, to do so might prejudice, to an unreasonable degree, the commercial interests of the firms concerned.

However, in the interests of transparency, the PRA's policy is to publish an abridged version of the permission notice, as a record that the IMA permission has been granted.