



For Immediate Release
Citigroup Inc. (NYSE: C)
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CITI TO SUPPORT KOREA SECURITIES DEPOSITORY (KSD) IN SHENZHEN-HONG KONG STOCK CONNECT LINK

HONG KONG – As the leading provider of Stock Connect trading, clearing and settlement solution, Citi is pleased to be appointed by KSD as their SPSA custodian for Shenzhen-Hong Kong Stock Connect. Korean investors are one of the most active investors in the China A-shares market through Stock Connect.

“Following a very successful 15 months tenure as KSD's appointed custodian and gateway to the Shanghai-HK Stock Connect, it is a great privilege to have been further appointed as their sole partner for Shenzhen-Hong Kong Stock Connect. We expect this partnership to be a stepping stone to provide further access to the Chinese mainland markets for Korean local investors, particularly as China liberalizes its capital markets allowing freer portfolio investment flows for both retail and institutional investors,” said David Russell, the Regional Head of Securities Services at Citi.

“We are pleased with Citi’s deep subject matter expertise with China Connect and ability to deliver a unique multi-broker and risk averse solution. This allows us to provide maximum flexibility to KSD members to transact using different China Connect brokers and benefit from Citi’s unique solution. KSD will also be able to better safeguard Korean investors’ investment in A-shares traded in Shenzhen. As part of our ongoing efforts to expanding our services to provide access to China markets for Korean investors, we are delighted to provide gateway to Shenzhen - Hong Kong Stock Connect in addition to other channels including RQFII and CIBM,” said Seok Jae Kim, the Head of Global Securities and Fund Division.

Background on SPSA

Special Segregated Accounts (SPSA) is an enhanced pre-trade checking arrangement introduced by HKEx in April 2015. SPSA allows investors to instruct their local Hong Kong custodian to set up a segregated account in CCASS for holding their A-shares, to be assigned a unique Investor ID, and to appoint up to 20 brokers. Such arrangement enables the HKEx China Stock Connect System to perform pre-trade checking on the investor’s sellable position, thereby eliminating the need to pre-deliver shares from custodian to brokers before executing the sell trades. However there are some drawbacks to SPSA. For example, shares will still need to be transferred to the broker for settlement during the post trade process and such transfers are not under true DVP method or with guaranteed same day cash finality.

In light of this, Citi has developed a unique solution designed to complement the SPSA model, help address these limitations and reduce the risk of fail trades. Citi SPSA+ allows investors to appoint up to 20 brokers, avoid pre-delivery of shares and more. Citi SPSA+ solution offers true RVP/DVP settlement, allowing both securities and cash to be settled simultaneously on T+0 which eliminates overnight counterparty risks with brokers as long as the investors transact through any one of the partner brokers. It also eliminates the extra step in the post trade process and therefore helps investors reduce the risk of fail trades and potential buy-in claims from their brokers.

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About KSD

Established in 1974, the Korea Securities Depository (KSD) is the sole central securities depository in Korea. KSD provides depository and settlement services for all types of securities traded in the Korean securities market. KSD also provides cross-border deposit and settlement services through foreign custodians for local Korean securities companies.

About Citi

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services and wealth management

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