



FOR IMMEDIATE RELEASE  
Citigroup Inc. (NYSE symbol: C)  
June 1, 2015

## **CITI TO SUPPORT KOREA SECURITIES DEPOSITORY (KSD) IN SHANGHAI-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 Shanghai-Hong Kong Stock Connect. Korean investors, whose accumulated trading volume for the past six months approximately amounting to USD 5 billion, are one of the most active investor groups employing the Stock Connect.

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.

“It’s a great privilege to have been selected by KSD as their partner for Shanghai-Hong Kong Stock Connect and this partnership is a great example for other markets’ infrastructures to facilitate local investors’ cross-border investments” said David Russell, Regional Head of Securities Services at Citi.

“This partnership will provide a good platform for facilitating cross-border investment flow from Korea to China A-share market and enable local brokers in Korea to transact using different China Connect brokers. KSD will also be able to better safeguard Korean investors’ investment in A-shares,” said Jaehoon Yoo, Chairman and CEO of KSD.

### Background on SPSA

Hong Kong Exchanges and Clearing (HKEx) recently launched the enhanced pre-trade checking model, also known as Special Segregated Accounts (SPSA) for the Shanghai-Hong Kong Stock Connect program. This new option allows investors to instruct their local Hong Kong custodian to set up a segregated securities account in the Hong Kong Central Clearing and Settlement System (CCASS) for holding their A-shares position, to be assigned a unique Investor ID, and to appoint up to 20 Exchange Participants (brokers). Such arrangement enables the HKEx China Stock Connect System (CSC) to perform pre-trade checking on the investor’s sellable position in the SPSA maintained with their custodians, thereby eliminating the need to pre-deliver the shares from the custodian to the brokers before executing the sell trades. However there are some drawbacks to SPSA. For example, shares are not transferred under true RVP/DVP method and the required transfer of shares from the SPSA custodian to the selling broker during the post trade process could increase the risk of a fail trade or compulsory buy-in for the broker due to the very tight settlement cycle.

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 Citi Third Party Clear (TPC) 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 Citi**

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Through Citicorp and Citi Holdings, 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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