

# **POLICY ON RELATED PARTY TRANSACTIONS**

**OWNER:**

CITIGROUP CORPORATE LAW DEPARTMENT  
OFFICE OF THE GENERAL COUNSEL

**CONTACT:**

GENERAL COUNSEL, CORPORATE GOVERNANCE

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## 1 OVERVIEW

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### 1.1 OBJECTIVE

Citigroup Inc. (the “Company”) has adopted this Policy on Related Party Transactions, as required by Item 404(b) of Regulation S-K of the Securities Act of 1933 (the “Act”).

This policy applies to any transaction where the aggregate amount involved will or may be expected to exceed \$120,000 in any fiscal year, the Company is a participant, and the Related Person has or will have a direct or indirect material interest, unless the transaction is exempt under Section 3 of this Policy. The Related Party Transaction Policy may be amended at any time and is subject to further guidance from the SEC and/or actions taken by the Board of Directors or the Nomination and Governance Committee of Citigroup.

### 1.2 DEFINITIONS

**Related Party Transaction:** “Related Party Transaction” is any financial transaction, arrangement or relationship in which (a) the aggregate amount involved will or may be expected to exceed \$120,000 in any fiscal year, (b) the Company is a participant, and (c) any Related Person has or will have a direct or indirect material interest.

**Related Person:** A “Related Person” is any Director of the Company, any Senior Manager of the Company, any nominee for director, any shareholder owning in excess of 5% of the total equity of the Company, and any “Immediate Family Member” of any such person.

**Definition of Senior Manager:** A “Senior Manager” includes any individual who has been appointed an officer of the Company for purposes of Section 16 of the Act and/or who is a member of the Company’s Operating Committee.

**Definition of Immediate Family Member:** “Immediate Family Member” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a person, and any person (other than a tenant or an employee) sharing the household of such person.

### 1.3 OWNER

The Policy on Related Party Transactions was adopted by the Nomination and Governance Committee of the Board of Directors (the “N&G Committee”). Any changes to the Policy on Related Party Transactions must be approved by the

N&G Committee. The Corporate Governance unit of Citigroup's Corporate Law Department is responsible for updating this Policy as needed.

Questions about the Policy on Related Party Transactions and its application to Related Persons or their Immediate Family Members should be directed to the General Counsel, Corporate Governance, at (212) 793-7396.

#### **1.4 EFFECTIVE DATE / TRANSITION PERIOD**

This Policy is effective immediately.

#### **1.5 EXCEPTIONS**

Any exceptions to the Policy on Related Party Transactions must be consistent with the Act, including any regulations promulgated thereunder, and must be approved in advance by Citigroup's General Counsel.

## **2 PROCEDURES**

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### **2.1 NOTIFICATION OF RELATED PARTY TRANSACTIONS**

Each Director and Senior Manager shall promptly notify the General Counsel of any material interest that such person or an Immediate Family Member of such person had, has or may have in a Related Party Transaction. The notice shall include a description of the transaction and the aggregate dollar amount.

If the Related Party Transaction involves a Director (or an Immediate Family Member of a Director), or a Senior Manager (or an Immediate Family Member of a Senior Manager) and is valued at \$50 million or more, then the General Counsel shall promptly notify the Chair of the N&G Committee of the Board. If the Related Party Transaction involves a Senior Manager (or an Immediate Family Member of a Senior Manager) and is valued at less than \$50 million then the General Counsel shall notify the Transaction Review Committee (the "TRC"). The TRC will report to the N&G Committee on any Related Party Transactions it reviews below the \$50 million threshold.

### **2.2 REVIEW OF RELATED PARTY TRANSACTIONS**

The N&G Committee shall be responsible for the review, approval or ratification of the following Related Party Transactions:

- Any Related Party Transaction in which a Director or an Immediate Family Member of Director has a material interest.
- Any Related Party Transaction with a value of \$50 million or more in which a Senior Manager or an Immediate Family Member of a Senior Manager has a material interest.

If advance notice of a Related Party Transaction has been given to the Chair of the N&G Committee and it is not possible to convene a meeting of the N&G Committee, then the Chair of the N&G Committee shall consider whether the Related Party Transaction is appropriate and, if so, shall approve the Related Party Transaction. The N&G Committee will be asked to ratify the Related Party Transaction at the N&G Committee's next regularly scheduled meeting.

No Director shall participate in any discussion or approval of a Related Party Transaction for which he or she or any member of his or her Immediate Family Member is a Related Person, except that the Director shall provide all material information concerning the Related Party Transaction to the N&G Committee.

The TRC shall be responsible for the review, approval or ratification of a Related Party Transaction involving a Senior Manager or an Immediate Family Member of a Senior Manager, provided that the Related Party Transaction is valued at less than \$50 million.

The TRC shall provide a summary to the N&G Committee of each Related Party Transaction it approves.

### **2.3 GENERAL CRITERIA FOR APPROVING RELATED PARTY TRANSACTIONS**

In determining whether to approve, ratify, disapprove or reject a Related Party Transaction, the N&G Committee or the TRC, as appropriate, shall take into account, among other factors it deems appropriate, whether the Related Party Transaction is entered into on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances; the results of an appraisal, if any; whether there was a bidding process and the results thereof; review of the valuation methodology used and alternative approaches to valuation of the transaction; and the extent of the Related Person's interest in the transaction. The N&G Committee will review the following information when assessing a Related Party Transaction:

- The terms of such transaction;
- The Related Person's interest in the transaction;
- The purpose and timing of the transaction;
- Whether the Company is a party to the transaction, and if not, the nature of the Company's participation in the transaction;
- If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- Information concerning potential counterparties in the transaction;
- The approximate dollar value of the transaction and the approximate dollar value of the Related Person's interest in the transaction;
- Description of any provisions or limitations imposed as a result of entering into the proposed transaction;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
- Any other relevant information regarding the transaction.

Senior Managers and Immediate Family Members who share a Senior Manager's household may not invest in partnerships or other investment opportunities sponsored, or otherwise made available, by the Company unless their participation is approved in accordance with this Policy. Such approval shall not be required if the investment opportunity: (i) is offered to qualified employees and investment by Senior Managers is approved by the Personnel and Compensation Committee; (ii) is made available to a Senior Manager actively involved in a business unit, the principal activity of which is to make such investments on behalf of the Company, and is offered pursuant to a co-investment plan approved by the Personnel and Compensation Committee; or (iii) is offered to Senior Managers on the same terms as those offered to qualified persons who are not employees of the Company.

Except with the approval of the N&G Committee, no Director or Senior Manager may invest in a third-party entity if the investment opportunity is made available to him or her as a result of such individual's status as, respectively, a Director or a Senior Manager of the Company.

No Director or Immediate Family Member who shares the Director's household or is financially dependent on the Director shall receive an IPO allocation from a broker/dealer, including broker/dealers not affiliated with the Company.

#### **2.4 RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Related Party Transaction with a Related Person that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the appropriate Committee. Such Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, including the items listed in Section 2.3 above, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. Such Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

### **3 PRE-APPROVED RELATED PARTY TRANSACTIONS**

The N&G Committee has determined that each of the types of Related Party Transactions listed below shall be deemed to be pre-approved or ratified, even if the aggregate amount involved exceeds \$120,000 and shall not require review or approval by the N&G Committee or the TRC.

- a. *Employment of Senior Managers.* Any employment by the Company of a Senior Manager of the Company if:
  - i. the related compensation is required to be reported in the Company's proxy statement under Item 402 of SEC's compensation disclosure requirements (generally applicable to "named executive officers") and such information is reported; or
  - ii. the Senior Manager is not an Immediate Family Member of another Senior Manager or Director of the Company and the related compensation would be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements if the Senior Manager was a "named executive officers," and the Personnel and Compensation Committee of the Board approved (or recommended that the Board approve) such compensation.
- b. *Director compensation.* Any compensation paid to a member of the Board if the related compensation is required to be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements.
- c. *Certain transactions with other companies.* Any transaction with another company at which a Related Person's only relationship is as (i) an employee (i.e., the Related Person is not the equivalent of a Senior Manager), (ii) a beneficial owner of less than 10% of that company's outstanding equity, or (iii) in the case of partnerships, a limited partner, if the aggregate amount involved does not exceed the greater of \$1,000,000 or 2 percent of that company's total annual revenues.
- d. *Ordinary course transactions.*
  - Any financial services, including brokerage services, banking services, loans, insurance services and other financial services, provided by the Company to any Director or any Immediate Family Member of a Director, provided that the services are on substantially the same terms as those prevailing at the time for comparable services provided to non-affiliates.

- Personal loans made or maintained by the Company to a Director, a Senior Manager or an Immediate Family Member who shares any such person's household, only if the loan: (a) is made in the ordinary course of business of the Company or one of its subsidiaries, is of a type that is generally made available to the public, and is on market terms, or terms that are no more favorable than those offered to the general public; (b) complies with applicable law, including the Sarbanes-Oxley Act of 2002 and Regulation O of the Board of Governors of the Federal Reserve; (c) when made does not involve more than the normal risk of collectibility or present other unfavorable features; and (d) is not classified by the Company as Substandard (II) or worse, as defined by the Office of the Comptroller of the Currency (OCC) in its "Rating Credit Risk" Comptroller's Handbook.
  - All business relationships, lending relationships, deposit and other banking relationships between the Company and a Director's primary business affiliation or the primary business affiliation of an Immediate Family Member of a Director made in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons.
  - Loans made or maintained by the Company to a Director's primary business affiliation or the primary business affiliation of an Immediate Family Member of a Director, only if the loan: (a) is made in the ordinary course of business of the Company or one of its subsidiaries, is of a type that is generally made available to other customers, and is on market terms, or terms that are no more favorable than those offered to other customers; (b) complies with applicable law, including the Sarbanes-Oxley Act of 2002, Regulation O of the Board of Governors of the Federal Reserve, and the Federal Deposit Insurance Corporation (FDIC) Guidelines; (c) when made does not involve more than the normal risk of collectibility or present other unfavorable features; and (d) is not classified by the Company as Substandard (II) or worse, as defined by the Office of the Comptroller of the Currency (OCC) in its "Rating Credit Risk" Comptroller's Handbook.
- e. *Certain Company charitable contributions.* Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university where a Related Person is an employee, if the aggregate amount involved does not exceed the lesser of \$1,000,000 or 2 percent of the charitable organization's total annual receipts.
- f. *Transactions where all shareholders receive proportional benefits.* Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g., dividends).

- g. *Regulated transactions.* Any transaction with a Related Person involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- h. *Certain banking-related services.* Any transaction with a Related Person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.