

BUILDING UPON Citi's long history and market leadership in global foreign exchange, CitiFX Pro provides small institutions and sophisticated individual traders access to competitive pricing and institutional-level trading technology, including advanced order and execution functionality, world-class liquidity in over 130 currency pairs and access to Citi's award-winning research and FX market commentary. CitiFX Pro also offers FDIC coverage on all US dollar margin deposits (currently unlimited), a groundbreaking offering in the marketplace.

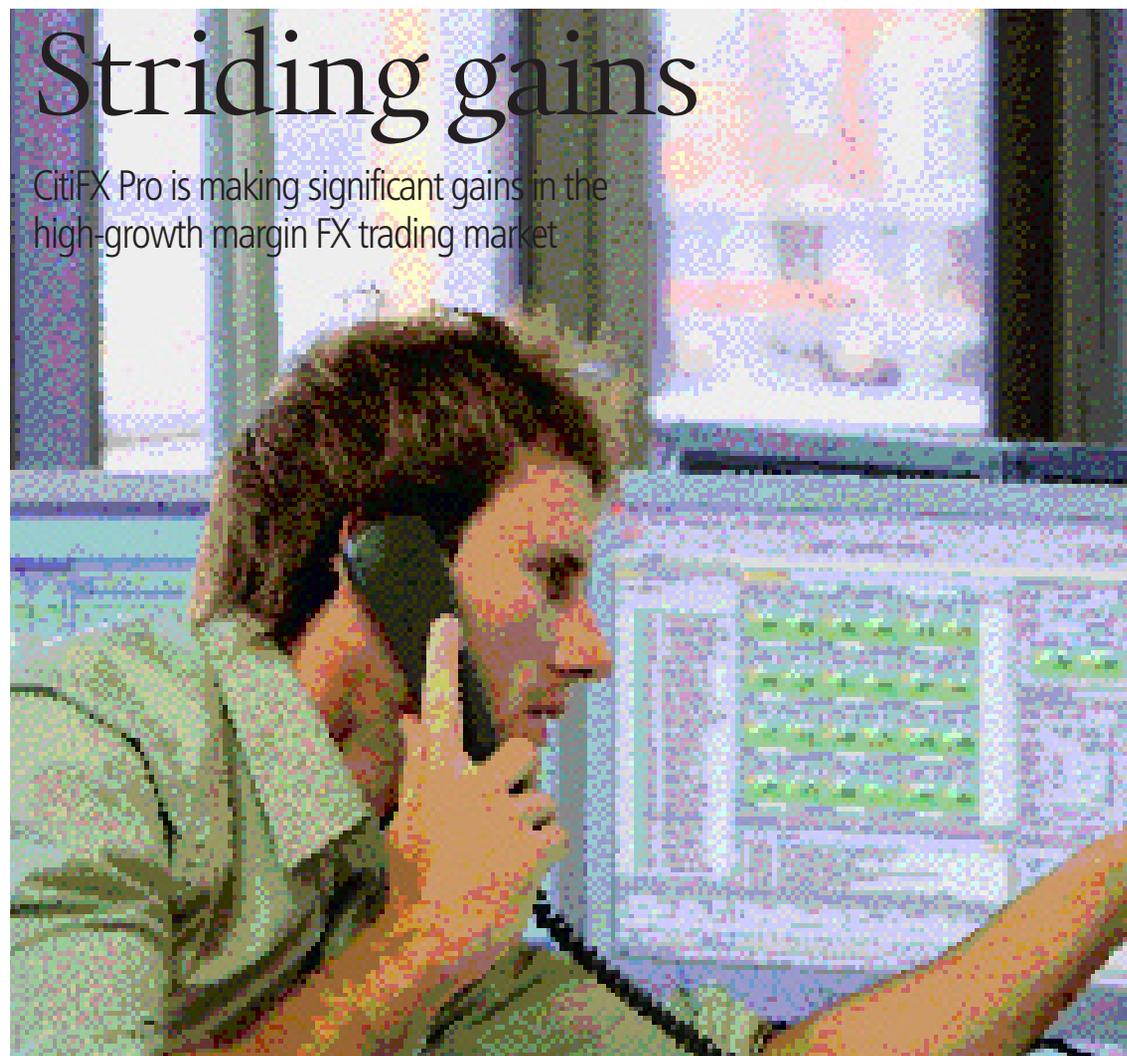
Margin FX

Global trading of margin FX is relatively new. The market emerged over the last decade, pioneered by small brokers with strong technology who gave smaller, lower-volume traders access to the foreign exchange market. With average daily volume estimated to be several trillion, FX is the largest and most liquid financial market in the world. As an alternative and relatively uncorrelated asset class to equities and fixed income with low transaction costs and no fixed trading fees or commissions, FX is emerging as a greater focus for individuals and institutional investors and traders alike. Additionally, given the recent market environment, many hedge funds have encountered difficulty in securing lines of credit, making margin-based trading increasingly relevant.

Today leveraged trading of spot FX is conservatively estimated to be 10-15 percent of total client flows, or over \$100bn in daily volume and growing over 20 percent annually. Such growth is leading banks to recognize the importance of this client segment to their FX franchises and the opportunity to target these traders with the direct access to liquidity and sound dealing practices only a bank can provide.

Enter CitiFX Pro

Citi is one of the leading FX franchises and has been for over 100 years, dating back to 1897, when National City Bank became the first US bank to establish FX operations. Citi offers a unique breadth of local FX market knowledge and liquidity to its clients who include the world's



Striding gains

CitiFX Pro is making significant gains in the high-growth margin FX trading market

largest hedge funds, money managers, corporations, banks and governments.

Citi launched CitiFX Pro in the US in March 2008 and in Hong Kong in September the same year to extend competitive pricing and service to small institutions and sophisticated individuals.

It has quickly gained traction by combining an award-winning platform with customised solutions for various client needs. Expansion into additional markets, including the UK and Europe, the Middle East, and Japan, is planned for the coming months.

Clients deposit cash as collateral for their trading of non-deliverable, spot FX; the maximum allowable leverage is 50:1.

They may then trade in more than 130 currency pairs, including key emerging market pairs not widely offered by competitors, on CitiFX Pro's award-winning trading technology via three platforms – desktop installed, Web-enabled, and mobile, including



Above: Margo Piic, Manager of Business Development, Margin FX Trading; **Right:** Sanjay Madgavkar, Head of



iPhone and Blackberry. The platforms offer 24-hour streaming, tradable and competitive market prices, extensive charting tools, advanced order functionality, news and market commentary, and real-time account overview and margin details. The functionality is intuitive and can be fully tailored to client needs. Importantly, clients can monitor their positions and margin usage on a real-time basis and are automatically and electronically alerted when their margin usage hits key levels. Additionally, a team of experienced professionals provides live, 24-hour support during market hours.

Sound practices

Robust and reliable technology, sophisticated functionality and competitive pricing are critical, but clients also want comfort that their provider is using fair dealing practices in handling their trades and orders. These practices can vary significantly



In addition to great technology, we offer clients deposit insurance on US dollar funds and access to our proprietary FX market commentary

across providers. Banks are highly regulated financial institutions and must maintain sound practices in all aspects of operations. As a US bank regulated by the Federal Reserve and OCC, over many decades of FX trading with major institutions, corporations and governments, Citi has developed strong trading best practices and adherence to these principles is core to our business.

CitiFX Pro extends these principles to its clients and aims to deliver fair and equitable pricing and order-handling practices to all clients. All clients are priced off the same

pricing feed, which always reflects the underlying market (the only exception is in the unlikely event of technology dislocation), and every effort is made to bring accurate, unbiased pricing to clients at all times.

Security of funds

In any market, credit risk is important, but in today's environment, it is more important than ever.

Traders should carefully consider counterparty risk when choosing and transferring margin deposits to an FX trading provider. Citi is a large, diversified and well capitalised global bank. Also, CitiFX Pro clients benefit from FDIC insurance on their US dollar margin deposits regardless of account size. This is a first for the industry – no other provider is known to provide FDIC insurance on its margin deposits.

Access to award-winning commentary

CitiFX Pro clients also gain access to Citi's award-winning FX market commentary, which is relied upon by major institutional FX traders globally. From research papers on key subjects like the effectiveness of the "carry trade" to intraday thoughts and recommendations, clients can stay abreast of important developments in the currency and related markets, and ultimately better inform their trading decisions.

CitiFX market commentary is highly esteemed in the FX marketplace and consistently ranks at the top of market polls. CitiFX Pro also provides clients direct access to the authors of this commentary in addition to notable external FX experts through client seminars.

Client-oriented solutions

In addition to providing a state-of-the-art platform and offering to individual and small institutions, CitiFX Pro also has tailored solutions to support the FX trading of money managers and hedge funds, which include a full suite of back office services to manage and support their activity, as well as dedicated coverage from CitiFX Pro's institutional team. Additionally, CitiFX Pro recently announced a program to remunerate referring intermediaries, such as Introducing Brokers, for successful client referrals.

To learn more about CitiFX Pro or test drive the platform with a demo account, please visit www.citifxpro.com

Banks vs brokers



Citi is proud to bring a world class offering to this important, high growth segment. We plan to offer CitiFX Pro to most major markets over the course of 2009

THE INSTITUTIONAL FX MARKET has traditionally been served by large, international banks with legacies in FX trading. Recently, the margin FX market, comprised of smaller institutional and individual clients who trade on a cash margin basis, has developed into a significant segment. Independent brokers played an important role in developing this market, mainly by adapting and implementing electronic trading technology and low-cost distribution methods, but now banks are quickly gaining traction in this space. The points below detail the value banks bring to margin FX clients.

- **Dealing practices:** When a margin FX client deals with a major international bank, they can benefit from best practices developed over decades in this market. Citi, for instance, has dealt in FX for over 100 years. Clients can benefit from best practices regarding pricing and order-handling, supported by well structured control functions, such as compliance and audit.

- **Credit risk:** Most banks are publicly traded companies with

widely-available information regarding their management and finances, providing clients with the information they need to make an informed decision on the credit risk they are undertaking. In addition banks can provide an additional level of security via government guarantees on deposits.

- **FDIC insurance:** Bank deposits may carry with them some form of government guarantee against losses (clients need to evaluate exactly which deposits are guaranteed and up to what amount). CitiFX Pro offers FDIC insurance for US dollar margin deposits (see section on FDIC insurance on CitiFX Pro's website for more information) without limit.

- **Direct liquidity:** Major banks participate in the interbank FX market, which forms the foundation for liquidity in the FX markets. Typically, banks provide institutional clients with vast amounts of liquidity via their access to these markets. Margin FX clients can now obtain this liquidity directly instead of via indirect sources.

- **Research:** The larger, international banks have invested a vast amount of their global resources and cross-product experience into bringing high-quality research to their clients. At Citi, this research includes economic research, focusing mainly on macro-economic factors that influence the market, as well as market commentary, which tracks and forecasts market movements in FX and related markets.

- **Geographic coverage:** Citi is proud to have an unparalleled network of FX trading rooms over the globe. Clients benefit from liquidity in 130+ currencies and research and commentary from local sources in these markets.

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